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HOW TO

MAKE MONEY WITH YOUR PERSONAL COMPUTER

A Computer-Business Instruction Manual for the Computer Novice or Expert

An Alfred Handy Guide

by Paul and Sarah Edwards

Fifty Computer Business Ideas

Typing by Word Processing

Managing Mailing Lists

Addressing Mailing Labels

Personalizing Form Letters

Creating Customized Forms

Research & Information Brokering

Polling

Referral & Reservation Services

Online Shopping and Shoppers' Guides

Electronic Bulletin Boards

Answering & Calling Services

Data Entry

Sorting & Filing Services

Stock Market & Investment Analysis

Managing Stock Portfolios

Bookkeeping & Accounting

Taking Orders

Fulfilling Orders

Scheduling Pick-ups & Deliveries

Scheduling Projects

Billing & Invoicing Services

Administering & Scoring Tests

Creating Crossword Puzzles

Computer Aided Design

Creating Computer Portraits

Creating Computer Nicknacks

Writing & Designing Software

Custom Programming

Repairing Computers

Tutoring Individuals to Use Computers

Computer Camps for Families or Children

Renting Time on Your Computer

Designing or Making Computer Furniture

Publishing Computer-Related Directories & Newsletters

Consulting on Selecting & Using Computers

Locating Software

Renting Computer Games for Parties

Designing & Decorating Homes for Computers

Electronic Publishing

Psychological Counseling for Computer Ills

Retirement Planning

Security & Environmental Control Services

Conducting Exercise & Dance Classes

Designing Clothes

Teaching Relaxation & Biofeedback

Teaching Speed Reading

Giving Music or Singing Lessons

Writing & Composing Music

Keeping Sports League Statistics

Travel Planning

Reprinted from *101 + Ways to Make Money with Your Computer*, by Paul and Sarah Edwards.

HOW TO MAKE MONEY WITH YOUR PERSONAL COMPUTER

by Paul and Sarah Edwards

AN ALFRED HANDY GUIDE

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George Ledin Jr.

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1. WELCOME TO OPPORTUNITY

If you're looking for a way to make money with a personal computer, you are in the right place at the right time. Today is a time of opportunity. It's a time of *The Third Wave* and *Megatrends*. It's one of those rare times that comes along once in a lifetime, if at all.

Recently we appeared on a Denver radio station. In the lobby of the station was a blowup of a 1925 newspaper article with a photograph of a small white frame house. Dominating the house was a radio tower attached to the roof. The house was the home of the founders of the station, a doctor and his wife, who had started the radio station in their living room. The doctor played the violin and his wife sang. With the help of their friends and their infant son, who played the spoons, they entertained a growing listening audience. Today, that radio station is the largest one in Denver.

Now, can you imagine starting a radio station today in your home? But it is possible to start a computer-related business in your living room and have it grow into a large business of tomorrow. Personal computers are now about where radio was at that time.

A window of opportunity is open. The introduction of the automobile, radio, and television opened windows of opportunity in the past. Most of us were too young to take advantage of those, but the opportunities created by the popularization of the personal computer today will be as far-reaching (perhaps more so) as those of the past.

The personal computer offers almost unlimited possibilities for profitable businesses. If you are already in the computer field, you will find that you are uniquely qualified to start many of these businesses. But even if you are a computer novice, or don't own a computer yet, you will still find, perhaps to your surprise, that there are many computer-related businesses well suited to you.

People have already begun making money with personal computers. Every year, half a million new businesses file tax returns. That's one new business every 63 seconds. More of these each year are computer-related. We'll introduce you to some of these new businesses and the people who are starting them. You'll meet people of all ages and widely differing backgrounds, people like yourself, who had an idea or a dream, and went ahead to live it.

You'll find these successful entrepreneurs have started a business with their computer for the same reasons that undoubtedly interest you. They want to supplement their income, find a more rewarding and challenging career, create a tax shelter, and find a way for their computer to pay for itself.

So whether you're thinking of a sideline business to supplement your salary or whether you're thinking about starting a full-time business, now is the time to take advantage of the opportunities.

Someone is going to profit from the new possibilities computers are opening to us. It might as well be you!

2. Money-Making Businesses You Can Start

In starting a business, you can choose one with a proven demand, such as word processing, or you can be a pioneer and do something that hasn't been done before and that, if successful, could lead to your launching a whole new type of business.

The Many Business Possibilities

Having interviewed and led seminars for thousands of people starting businesses with their computers, we would like to introduce a sampling of the businesses you can start. Since the possibilities are many, let's consider four broad categories.

1. Anything a Computer Can Do Can Become a Business

Computers help people work with words, numbers, and symbols.

Using word processing, spelling, grammar checking and related programs, you can use your computer as a super-typewriter to start a word processing service:

typing letters and documents
managing mailing lists
doing term papers, dissertations, or screenplays
cataloging and indexing
editing and typesetting

With database management programs, you can use your computer to start a business that provides filing, mailing list, and record- keeping services that help people manage:

customer and client lists
inventories
personnel records

You can use your computer with scheduling software to help people:

manage projects

do "perting" and critical paths

use tickler systems

With electronic spreadsheet, bookkeeping, and accounting programs, you can start a bookkeeping service or provide financial services, including:

stock market analysis

budgeting projections

investment planning

record keeping

cash flow and financial planning

With communications programs, you can communicate with other computers nearby or afar and start a business:

providing research services

making referral and reservation services to help clients find restaurants, apartments, roommates, babysitters, lost pets

You can create graphics with a computer which means you can:

create computer art

design clothing

create slide shows

plot test scores or financial information

2. Computers Create Needs for New Businesses

With the advent of computers, individuals and organizations need someone to:

repair computers

teach people to use computers

help people select computers

sell or rent computers

write or design software

create computer accessories and aids to help in using computers

design computer furniture

program computers

write newsletters or magazine articles about computers

counsel people about their fears of computers

3. Computers Can Turn Your Talents and Skills into a Business

If you are not interested in the world of computers itself, chances are you can still use a computer to turn your

interests or hobbies, whatever they might be, into a profitable business. You can use a computer to enhance the productivity and performance of whatever business interests you have, giving your business a competitive edge. People are now using computers effectively in:

sales
career planning
nutrition counseling
astrological charting
making job referrals
writing, composing, and teaching music
writing books, magazines, and newsletters
travel planning
party planning and catering
teaching and tutoring
providing security services

The Best Opportunities Haven't Been Thought Of Yet

Because computers help us solve problems, the last and most exciting areas of opportunity are the businesses that haven't been thought of yet. For example, in Nashville, a thirteen-year-old boy, noticing that people were complaining about waiting for their orders to be filled in a McDonald's store, went home and developed a program for cueing orders. He then went on to sell the program and the computers that ran it to all the McDonald's stores in that area.

A woman in San Francisco, noticing that personal computers and word processing pools were replacing the personal secretaries of the past, decided to form an executive reminder service using her computer's capabilities. This grew to become a popular gift-buying service for busy executives.

An auto mechanic who attended one of our seminars developed a business locating auto parts for different wrecking yards and providing the information via computer to interested customers.

Five Popular Choices

Let's begin by looking at five popular business choices today. The first three are businesses you can start with or without a background in the computer field. The last two are businesses best suited to those who are already in the computer field.

Word Processing Services

In this popular business, you use your computer as if it were a fancy typewriter, doing everything a typing service would do, only faster and better.

Barbara Elman
Publisher
Word Processing News

Barbara Elman was a very good typist, but what she really wanted to do was to be a writer. The easiest way she could see to do that was to stop being someone else's secretary and start a professional typing service for writers. Her idea was revolutionary for 1978. She would run a typing service on a computer.

"Before I had used one, it was a little hard for me to imagine why I would want to work on a computer. After I'd used one, however, I could see how with a computer I could drastically cut the time I spent typing, offer additional services, and charge more for what I did."

She took a word processing course and opened Ace Computer Script, specializing in word processing for scriptwriters. Starting out on a big scale, she joined with a partner, hired some employees and leased an office and several computers. She found this approach was not only uneconomical but unsuitable for her needs.

"I was a little ahead of the market. Most people still had to be educated as to what word processing was. It's easier today, but if you start small you're going to break even more quickly and you'll have more money to put in your pocket faster. I started breaking even when I sent back the equipment, closed the office, got a loan to purchase a single system, and started working on my own at home. At that point I started making money, so much so that I was able to sell the business."

Today Barbara does public relations in the computer field, is a freelance writer, and publishes *Word Processing News*, a bimonthly newsletter.

Barbara Elman, who started Ace Computer Script in 1978 and introduced word processing services to scriptwriters, says that this is a good time to go into word processing because people have come to recognize its

value. Since word processing is becoming so popular, however, you may have some competition, so Barbara suggests specializing in a particular market. She chose scriptwriting because she was a writer herself. Other markets needing word processing include law firms, large businesses seeking overload services, very small businesses, and college students and faculty.

Electronic Bookkeeping Services

Electronic bookkeeping is another rapidly growing business, providing all the services a regular bookkeeper would provide, such as keeping accounts receivable and accounts payable and preparing tax reports and financial statements, plus providing other related services such as billing and inventory control.

Tom and Nancy Nickel decided to start a bookkeeping service to pay for the IBM PC they wanted to buy. They began approaching medical, dental, and real estate offices when they stumbled onto a unique niche—freight billing. They provide billing, auditing, and reporting services to freight departments of large companies. They advise people interested in starting an electronic bookkeeping service to be imaginative and come up with as many ideas as possible about users of your services. Then experiment by approaching different markets until you find your particular niche.

Information Research Services

With an information research service, you use your computer to search for information your clients need, which otherwise would be found in such places as libraries, trade associations, government archives, and newspapers. Instead, you search computerized databases that have organized this information for rapid search and retrieval by computer.

Clients pay you to research everything from the market for Christmas trees in Hawaii to current trends in the Venezuelan construction industry. Electronic research can save your customers hours in the library or over the phone tracking down information. It's been estimated that one minute of "on-line" computer research is equivalent to two hours in the library.

Researcher Sue Rugge was among the first to offer a computerized information service. The company she started, Information on Demand, is now known throughout the country. Sue finds that although people are beginning to recognize the value of a computer research service, it is still new to think of information for sale, so she feels that marketing is the key to success in this business.

Writing Computer Software

The largest area of growth in the computer field today is in software development. Although there are already

Elizabeth Scott and Lucy Ewell
Rhiannon

Rhiannon was conceived one day when psychologist Elizabeth Scott called her long-time friend Lucy Ewell, computer systems analyst, and excitedly announced, "We've got to do something about girls and computers!"

Neither Scott nor Ewell had a background in business, but they shared a concern that if more girls don't get hooked on computers as boys often do, their futures will be seriously limited. At first they planned to open a computer center for girls, but Ewell's two daughters, like so many other young girls, didn't enjoy the shoot-em-up games that appealed to Scott's three sons. As Scott describes it, "We don't think computer game manufacturers understand how boys and girls have different tastes in games."

They turned this problem into a business opportunity and started Rhiannon, an electronic cottage software publisher of computer games for girls. "We got a personal line of credit and used family incomes to make the first payments until sales could cover expenses." Operating from the basement of Scott's suburban home, they've produced four games in the past year.

They took out a full-page color ad in *Soft Talk* magazine that generated a flurry of media coverage and dealer inquiries. Still searching for the most successful way to market, they are looking for a publisher to distribute their games in bookstores.

"You have to really care about what you are doing. Everything takes three times as long to do and costs three times more than you thought it would. We wouldn't have kept going if we hadn't had a strong commitment to what we're doing."

40,000 pieces of personal computer software on the market, programs for the number of possible software applications have only begun to be written. Programmers of all ages and interests are writing software programs for

both fun and profit. Even people with no programming experience are having ideas for software and teaming up with programmers to create it.

Psychologist Elizabeth Scott and Lucy Ewell, a computer systems analyst, are writing software games for girls. They noticed that software manufacturers were not writing games that appealed to girls and decided to fill the niche provided by this huge market.

The key is to identify something that someone needs done and develop a program for doing it easier, better, or quicker. Norm Goode, publisher of *MicroMoonlighter Newsletter,* recommends that aspiring software writers focus on a major market for software—education, entertainment, or specialized vertical business markets for which little software is currently available.

Computer Consulting

The sudden explosion of the personal computer into our lives has left most of the business and professional world eager to get on board but without the knowledge they need to do so. Churches, sports organizations, lawyers, doctors, even beauty salons want to use computers in their work. The result is a growing demand for the computer consultant, someone with the necessary expertise to help select, set up, and train others in the use of computer hardware and software. Since only 5 percent of American businesses has computerized, consulting services will continue to be in demand for some time to come.

Bill Slavin started a computer consulting firm specializing in helping managers use computers for such activities as long-range planning and project management. He believes personal computers open many opportunities for consultants, but if you intend to consult in this field you have to specialize and be an expert at what you do. "In the computer field, it's like speaking French, you can't fake it. You have to be the best and you have to let people know that you're the best."

Less than five years ago, pursuing any one of these five popular choices was only an idea, a thought in the mind of someone who saw a need that using a computer could help fill. Today, because of a rapidly growing market, these businesses can be started easily and can turn a profit relatively quickly if you do it right.

3. CHOOSING THE RIGHT BUSINESS

We've mentioned only a sampling of the many opportunities that are available for starting a business with a personal computer. Finding a business that's right

William Slavin
Computer Consultant
William Slavin Associates

Since his first summer job in high school, Bill Slavin has worked in data processing, and he's always wanted to be an entrepreneur. Three years ago, when traveling on his job became overwhelming, he decided to start his own computer consulting firm.

From the beginning his goal was to build a large organization specializing in helping people use the potential of the personal computer. "The field is growing at an accelerated rate. For even the most qualified technical people, it's almost a period of future shock."

He started with personal savings. "My wife and I sat down and pooled our resources. That would be the money we'd live on until the business got going. We said if we got to the end of that I'd take another job."

His business has grown gradually. He has added staff and built a prestigious list of clients. The first year was pretty scary, though. "The problem is the phone doesn't ring on the first day. You're always three months away from a new client.

He's kept the phone ringing with a four-pronged marketing approach: keeping a high profile by giving seminars and speeches, vigorously following up on contacts, always staying current in the field, and leaving enthusiastic clients behind. "Satisfied customers—they're my strongest salesmen."

for you is more than knowing what can be done or what others are doing. It's using your imagination to combine the capabilities of a computer with your unique interests and skills to provide what people are willing to pay for.

We agree with Norm Goode, publisher of the *MicroMoonlighter Newsletter*, "Don't be tempted to fall into the trap of some 'canned' business scheme you read about in a national advertisement." Norm has found that "for a while the personal computer industry was almost free from scams, but now that computers have become the new buzzword, there are shady types out there seeking to get some fast cash." You will do better using your own creativity to find a niche you are uniquely qualified to fill.

Michael Anderson had been traveling across the country for a major company selling limited partnerships in oil and gas, when he realized that computers could solve the problems traveling sales professionals have lugging their materials from place to place. He turned this idea into Broadmoor Computer Systems, providing computer hardware and software to meet this need. He suggests that people wanting to start a computer-related business take whatever experience they've had and build

on that. "Just keep building on what you learn. It's the greatest pyramid scheme in the world."

There are many ways to find your own magic formula.

FINDING YOUR NICHE

Discovering the business that is best for you means identifying what you are most suited for and most interested in doing. You can use your current position and previous work experience as a springboard, draw on talents you may have overlooked, or turn your hobbies and outside interests into a business. The key is to select something you really enjoy doing.

Using Your Current Position and Previous Experience

If you like the work you are doing now, start where you are. For example, if you're working in a jewelry store and you like this line of work, ask yourself how you could take your knowledge of jewelry, or of retailing and merchandising, and use that knowledge and skill to create a computer-related business. You could start with your employer and assist him or her in selecting a computer system for keeping track of merchandise, managing mailing lists, and following commodity prices. From this experience you could then begin consulting with other jewelers in how they could use computers in their business.

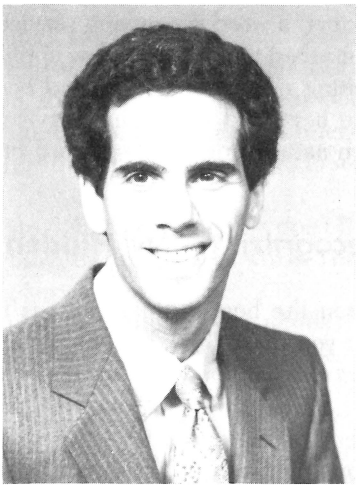
It's the process of combining knowledge from your special skill or discipline with the capabilities of the computer that makes the most successful business opportunities. Ask yourself, "Using a computer, how could I provide a solution to a problem in my field and turn that into my own business? What can I add from my prior experience that could enhance this new business?"

We know of an instant printer, for example, whose background was in engineering. He was able to use what he knew about computers as an engineer to custom design software for running his instant print shop. It worked for his business, so he began selling his programs to other printers.

If you would prefer getting out of what you're doing now into something different, review your talents and skills and ask yourself, "What do I really want to do?" "Can I use what I'm most interested in as a door to something new?"

Pursuing a Hobby or Personal Interest

Daniel Montague was an insect exterminator, but computers were his hobby. Today he operates Micro-Instructional and produces a line of audio cassette tapes that teach listeners how to use most popular models of personal computers.



Gil Gordon
Gil Gordon Associates

When Gil Gordon left his position of nine years as a personnel manager it was hard to leave, but he had become disenchanted with corporate life. The jobs he could be promoted to didn't look that attractive. They all involved managing rather than doing.

He had an idea for a new business that would bring together his two interests—computers and people. He formed Gil Gordon Associates, a consulting firm to help companies set up telecommuting programs that enable people to work at home via computer.

He opened his company with a big safety net, a six-month part-time retainer from his former employer. "They needed me to continue some of the work I was doing as much as I needed a cushion to get started."

He's found three ways of getting business: contacts, contacts, and contacts. "Your friends and colleagues are your best assets, mostly for their ability to point you to the right people if not for their ability to generate business on their own."

"Being an entrepreneur has big ups and bigger downs, but it's thrilling. It's important not to confuse short-term money goals as the measure of success. The biggest satisfaction is knowing you're doing something important, something novel."

Gil Gordon was a personnel director for a large pharmaceutical company. He was fascinated with the growing trend of telecommuting. Today he is Gil Gordon Associates, consulting with companies interested in setting up programs for telecommuting or other alternative work site projects.

Barbara Elman had been typing for some time, although what she actually wanted to do was write. She didn't know much about computers, but she could see the possibilities they offered for writers. So she took a

course in word processing and started ACE Computer Scripts, a word processing service for scriptwriters. She pioneered this exciting new application and today she is writing magazine articles and books on this field. She's sold her word processing service and is publishing her own national newsletter, Word Processing News.

Recognizing Your Hidden Talents

Often the best business idea is right under your nose, but you don't think of it because it is so much a natural part of what you do every day.

What do people say you do well? Interview your friends. Think about the things you've heard people say: "You know, you really ought to start such and such" or "You really ought to do so and so, you're so good at that."

Choosing Something You Enjoy

Whatever you decide to do, choose something you really enjoy doing. Starting a business takes a lot of time and energy and when you like what you're doing it's much easier to get yourself to do all the work involved. As freelance programmer Jim Milburn says, "When you get into something you like doing, you won't have to fight yourself doing it."

The people we've introduced you to all chose businesses in which they could do what they really love to do. It's easy, however, to get swept away with a popular money-making idea, only to discover that you don't like doing it.

A woman in one of our seminars almost fell into this trap. She had been doing bookkeeping for several years and came to the seminar to learn how she could start an electronic bookkeeping service. After listening to us discuss selecting a business, she remembered how much she enjoyed teaching when she was younger and decided she would explore starting a business teaching children how to use computers.

To discover what appeals most to you, think about what you do on your day off, or on vacation. What would you leap out of bed for? What magazines, newsletters and books do you read? What headlines catch your eye?

Remember when you were a child. What did you love doing? What have you always thought of when you said, "Someday I'm going to..." Or imagine it's the last day of your life. As you look back on your life, how would you complete this statement: "I sure wish I had ..."

KNOWING WHAT PEOPLE NEED

Successful businesses fill a need. Once you have identified your skills, talents, and interests, think about what people need. What are they willing to pay for? Look at the trends of the day: changes in population...new technologies...more women with careers...more people

working at home ... single parents ... robotics eliminating many jobs.

What do these trends suggest about what people need? What problems do you see people having? Listen to what people complain about. What people complain about finding, for example, can be the basis for a referral or location service for everything from babysitters to software programs.

What do people hate doing? Most people don't like fixing, cleaning, researching, or doing detail work. That's one reason bookkeeping services prosper.

What holes do you notice in the market, needs that no one's filling? Before the Apple computer, microcomputers were the domain of the hobbyist and the hacker. Steven Jobs recognized a much wider market awaited a computer that was "user friendly." Adam Osborne responded to a hole in the market for a portable computer complete with software for less than $2,000.

To help anticipate what people will be needing, you can read books like Alvin Toffler's, *The Third Wave*, and John Naisbitt's, *Megatrends*.

4. WHAT MAKES A BUSINESS SUCCESSFUL?

Nationally, for every three new businesses formed, two close their doors. It's been estimated that as few as one out of every ten new businesses are still in business after five years. This is not nearly as bad as it sounds, however, because nine of ten business closures are voluntary, either because of retirement or the owners deciding to shift to a more profitable or personally rewarding field.

But many businesses fail. The two principal reasons for business failure are, first, a lack of capital and proper money management and, second, a lack of experience, know-how, and information.

THE CHARACTERISTICS OF A SUCCESSFUL BUSINESS

A recent study of new businesses found that after a three-year period nearly twice the percentage of female-owned and managed businesses were successful as male-owned and managed businesses! Here's what the study showed to be the characteristics of successful businesses:

1. Their owners had taken six to ten months to research and prepare for their businesses

2. They used professional advisers and consultants in setting up their businesses.
3. They had taken business-related courses and read regularly about business management. They had done their homework.
4. They started their businesses with more modest expectations for success than the unsuccessful entrepreneurs.

WHAT YOU NEED TO KNOW

Results like these show that to succeed in business, it's what you know that counts. You'll need to know your stuff, be on top of the market, manage your money effectively, know your own strengths and weaknesses, master your computer and where to get the help you need.

Knowing Your Stuff

You'll need to be an expert in your particular field and your business. Fortunately, because we live in an information age, you can become an expert in your business and your field without years of study or a long apprenticeship. Here's some ideas on how you can quickly gain the expertise you'll need:

1. Join professional organizations and trade associations. Become active in the local chapters. To locate the associations and organizations in your particular field, you can check *Gale's Encyclopedia of Associations*, which is available in public libraries or online through Dialog Information Service.
2. Read trade and professional journals and special-interest magazines and newsletters. *Gale's Encyclopedia of Associations* tells you which associations and organizations publish their own newsletters or journals.
3. Attend trade shows and exhibits, go to workshops and seminars, read books, listen to tapes by leading authorities in your field.
4. Take a temporary job or volunteer to work in a related business.

It's been estimated that if you do this groundwork, you will know 95 percent of what's known in a field and 98 percent more than others in the field.

Knowing Your Market

You will need to know specifically who needs the services or products you have to offer. Do your research. Talk to prospective customers and clients. Learn everything you can about them, their needs and interests. Do they already know they need your product or service? Do they have

the money and willingness to pay for what you have to offer? Are they already using a similar product or service?

Scout out the competition. Buy their products. Get their brochures and price lists. You can find your competition by looking in the Yellow Pages or by talking to the Chamber of Commerce. Interview them. Survey your competition's customers to find out what they like and don't like. Find out how what you will offer will differ in quality, price, variety, and level of service from your competition.

Knowing Your Money

Because the nature of our economy is changing from an industrial base to an information and service base, many of the rules about money and money management are changing. As a general rule, it used to take a lot of capital to start a business. Today, it's possible to open a business with minimal start-up capital. Other than the expense of their computer, people have started businesses for as little as $50 to $100.

Lack of capital or mismanagement of money is still a primary reason businesses fail, however. So although it is important to know your money situation, don't let money or lack of money intimidate you. Figure out now what the real money needs are for your new business. If the amount you need will require borrowing, see how you could do what you need to do without burdening your new venture with debt.

Don't spend a lot of money until you know you have a marketable business. We know of a consultant who spent his life savings buying and furnishing a plush beachfront office before he learned his product didn't have a market. He could have learned that from a spare bedroom.

Knowing Yourself

Since succeeding in business will depend primarily on you, you need to be an expert in understanding your strengths and your vulnerabilities. You will need to know if your expectations are realistic. Remember, those who start with more modest expectations for success are more likely to succeed.

How are you motivated? Do you need other people to motivate you? Can you work on your own at home?

Do you need a schedule? When do you work best? For example, we find that we begin to run out of steam in the late afternoon, so that's when we do business-related errands.

How do you face problems? One principal reason for business failure is the inability to face and deal with problems promptly.

What do you do well? What do you need other people to do for you? What skills do you need to improve? Remember, the largest room in the world is the room for self-improvement.

It used to be if you didn't have a business personality it was just too bad, because in business, as in most everything else, as Karl Menninger has said, "Attitude is more important than facts." But today there are workshops, books, and seminars that make it possible for you to develop the personal strengths and skills to succeed in a business of your choice. Today, most of all, you just need to be honest with yourself and willing to learn.

Knowing How to Get Help

As the survey of successful businesses showed, you don't have to do everything yourself. Be willing to use professional advisers, such as lawyers, accountants, and consultants. Affiliate with associates. Develop support networks and find partners with personal resources and assets that complement yours.

But remember that even with the divorce rate running at 50 percent, the failure rate among partnerships is even higher, so pick a business partner with care.

Knowing Your Computer

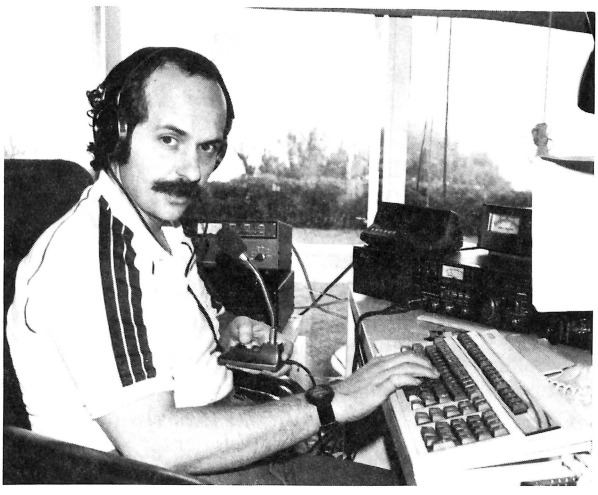
Since you'll be using a computer in your business, you'll need to select and master the computer that is best for you. Too many people have bought a computer they heard about on television only to discover that the computer wouldn't do what they needed. Others have been sold on a more expensive computer with more capability and complexity than they needed.

This happened to a friend of ours who wanted "the best." She bought a computer more suited to a large business. The expense was considerable but today the computer sits unused in her back storeroom. As a one-person company, she has never had the time to master using it.

IF YOU ARE ALREADY IN THE COMPUTER FIELD

Those of you in the computer field have the advantage of having valuable knowledge and expertise greatly needed by today's consumers. To succeed in business, however, you will need to concentrate on developing marketing and management skills. You may have noticed that many people with no computer background at all are jumping into this field and sometimes meeting with better success than those with years of data processing or programming experience.

The success of these newcomers lies in their sales and marketing skills and their ability to think and talk about computers in the language of their customers. They recognize that they need to learn about computers, while often those with computer backgrounds don't recognize that they need to have people skills, business skills, and sales skills.



Chris Rutkowski
President
Rising Star Industries

Chris Rutkowski came to Los Angeles four years ago in a Ford Pinto with $20 in his pocket. Today he owns Rising Star Industries, a high-tech research and development company through which he produces technical products that are useful to "nontechnical" people.

Neither a hardware engineeer nor a software programmer himself, he uses his innate curiosity and creativity to look at technology from the eyes of a novice. He has created such products as the HASCI keyboard and Valdocs Software for the Epson QX-10, designed to take the frustration out of learning to use a computer. "The way I figure it, if I can't sell it to 90 percent of the population, I've done it wrong."

He runs Rising Star from his home, managing the company of 42 employees, 38 of whom work for Rising Star via computer from their homes across the country.

He finds his high-tech electronic cottage, which he shares with his wife, three kids, four rabbits, and a dog, to be a buffer from the crazy pace of modern life. "My family is not a discontinuity. There is no eight-hour work block, eight-hour sleep block, three-hour family block. It's more akin to the family patterns of the American Indian culture than the typical American culture."

If, in your eagerness to get started and impress your customers, you jump in and show off your technical expertise you may end up intimidating your prospective customers. So as you take your computer expertise into the business world, remember to talk common business language and relate your knowledge to the level of understanding and the needs of your customers.

Fortunately the information you need to learn about business skills is readily available and will be described in Chapter 6.

IF YOU ARE A COMPUTER NOVICE

If you don't know much about computers, you will need to gain computer expertise. You will need to be knowledgeable in applying the computer to your particular business. Equally important, you'll need to project the self-confidence that comes with knowing what you're doing.

You probably will not need to know how to program. You'll better spend the time it would take you learning how to program in learning the business applications of your computer and in marketing your product or service.

Chris Rutkowski, for example, the designer of the Valdocs Software system and president of Rising Star Industries, doesn't know how to program. He uses his creativity to observe what people need and has learned how to find other people who can turn his ideas into successful software programs.

5. WHAT YOU NEED TO KNOW ABOUT COMPUTERS

To make money with a personal computer, you will need to know how to select and use the software programs, computer system and printer most appropriate for your business. Because it is the software that tells the computer what to do and enables you to use the computer for business purposes, we'll discuss software first and then we'll go into selecting the computer itself.

THE SOFTWARE YOU WILL NEED

After selecting your business, the next step is to decide what applications you want to make of the computer in your business. Will you be using it for:

Word Processing
Bookkeeping and Accounting
Electronic Spreadsheets
Communications
Graphics
Other more specific uses

What you'll be using your computer for, of course, will determine what software you'll need. For example, if you are going to start a word processing service, you'll need a word processing program, a spelling checker, per-

haps programs for footnoting, a grammar checker, and the like.

Look for quality software programs to perform the tasks necessary for your business before selecting your computer system, because not all software runs on every computer.

How to Select Your Software

There are currently more than 4,000 companies and 40,000 pieces of software on the market. This number is expected to double every six months. So chances are the software you need already exists. Selecting it is another matter.

Unfortunately, many of the programs on the market don't do what they claim to do. The Navy did a study a few years ago of 500 software programs and found that only 20 percent of them did what they were supposed to do.

In selecting your software, here's what we recommend:

1. Begin by looking at the popular and proven programs for the particular uses you need. By beginning with such programs, the chances are that the instruction manuals—the "documentation"—will be easier to understand and you will be more likely to find classes and supplementary books and tapes available for learning to use the software. There are even user groups formed around popular software.
2. Try out these popular programs at a nearby software store, using them for at least one hour and preferably two. Do it yourself. Don't let a clerk give you a "flying fingers" demonstration. Take your work with you and try it out.
3. Read the documentation. Can you understand it? Is it written in plain English?
4. Should the popular programs not do what you need, you'll then be in a better position, at that point, to describe specifically what you do need.

Popular Software Packages

Here are some ideas for where to start your software search.

For Word Processing WordStar is the most popular word processing program and the standard against which others are judged. Spellbinder and MultiMate are highly regarded. MicroSoft Word offers many features for its relative ease of use. Our favorite spelling checker is Proofreader by Aspen. Word Plus is another good spelling checker with added features.

For Database Management dBase II is the most widely sold and extensive program. Simpler electronic filing systems to consider are Condor, Superfile, PFS File, and Personal Pearl.

For Electronic Spreadsheets Electronic spreadsheet programs to consider are Multiplan and advanced versions of SuperCalc and VisiCalc.

For Bookkeeping and Accounting Accounting Partner is relatively easy to use and reasonably priced. More sophisticated perhaps are MBA Accounting and those from Peachtree and Champion. Accounting software is a considerable investment and can cost more than your computer.

For Communications Among the better regarded communications programs are CrossTalk, PC Talk, MicroLink and Modem, a public domain program.

For Integrated Software The new software stampede is in marketing integrated software packages, which allow you to perform multiple tasks with one diskette. They sometimes allow transferring data within themselves, such as changes in a spreadsheet being simultaneously reflected in a corresponding graph. They also sometimes offer common command structures so fewer commands need to be memorized. Examples of integrated packages are the best- selling Lotus 1-2-3 and Valdocs, available on the Epson QX-10, that combines 12 different functions from word processing to scheduling.

"Cluster managers," such as DesQ, allow you to use your favorite software programs simultaneously and enable you to view them through "windows" on your video screen.

Where to Find the Software You Need

If you don't find these software programs to be what you need you can:

1. Ask for help from your software store. They can direct you to other programs with the features you need.
2. Read announcements of new software and reviews in popular computer magazines such as *InfoWorld, Personal Computing, Popular Computing, PC World* and *Portable Computer*.
3. Consult software directories like the *Datapro Directory of Microcomputer Software, The Software Catalog: Microcomputers*, and the *PC Telemart Directories*. They are often available in libraries.
4. Use on-line search services. The disadvantage of directories is that by the time they're published they are out of date. An on-line search service is a computerized directory that is updated regularly. Two such services are the PC Telemart Software Specialist, which is offered in a growing number of retail computer stores and has over 30,000 listings, and the International Software Database, available on-line through Dialog and Dialog's Knowledge Index. Some of these services include evaluation reviews.

5. Hire a consultant to advise you about which software is best suited to your needs. To locate a consultant, you can get a referral from someone in a similar business or from a computer store. You can also consult *Leading Consultants in Computer Software Programming*, a directory of more than 5000 consultants.
6. Program it yourself. If you have the time, the talent, and the desire to custom design your own software, you may find that it not only works for you but can be sold to others whose needs are similar to yours.
7. Hire someone to do custom programming for you. You can expect that this will be costly and time consuming. (Refer to the Independent Computer Consultants Association, P.O. Box 27412, St. Louis, MO 63141.)
8. Wait. Unless what you want is highly specialized, other businesses will undoubtedly be wanting such a program too. At the rate software is being developed, if it is not available now, it's likely to become available soon.

A final note on software. Don't buy what everyone says is best, unless it is what you need. When you buy, be sure the software comes with a reasonable warranty so that if it doesn't work, you can exchange it or get your money back. Since software is constantly being updated and improved, get a guarantee that you will be notified of new revisions and have the opportunity to buy them at a reasonable price.

THE COMPUTER YOU WILL NEED

We are frequently asked in our seminars, "Can any computer make money? Does it make sense to upgrade a 16K home computer to do business?" We think not. You'll spend more money doing this than you would by buying a business computer and you'll still have less, particularly in the area of available software to make your business run effectively.

We have found that there are basic minimum features and characteristics you will want in a business computer as well as important software considerations.

Recommended Hardware Minimums

We believe that for business purposes, you will want to select a computer with a minimum of these characteristics:

1. Two disk drives, each capable of storing a minimum of 200K (or kilobytes) of data. This works out to be about 100 double-spaced pages of pica type.
2. A random access memory capacity of 64K, and it should be expandable preferably to over 500K,

so you can take advantage of more powerful integrated software coming on the market.

3. At least a nine-inch monitor. You'll probably find a green screen is easier on your eyes in an area lighted by incandescent bulbs. In a brightly lighted area, such as one lit by fluorescent lights, an amber screen causes less eyestrain.
4. A detachable keyboard with a separate numeric keypad, separate function keys, and separate cursor keys.
5. At least one RS232 and one parallel port.
6. A printer with the appropriate print quality, speed, reliability, and serviceability that your business demands.
7. Communications capability. While most people wait a year to buy a modem and communications software, we believe that people in business have too much to gain to wait that long. We recommend that the communications modem that you buy operate at both 300 and 1200 baud. These will cost about $500, but you can buy a 300-baud modem for as little as $70 if you want to get started at a low cost.

Above and beyond these minimums, you will want to consider the particular features that will help you in your business, such as a color monitor, sound, portability, durability, size limitations, and ease of use. Also consider the warranty available on a computer. While most manufacturers offer 90 days, some are now offering a full year.

Finally, take into consideration whether your potential customers will need for you to have a particular kind of computer to be compatible with their computers or their software.

Which of the Five Categories to Buy

Home Computers You'll recognize these computers from their television advertising. They generally cost less than $500. Examples are Atari, Commodore 64, Radio Shack Color Computers, and Coleco Adam. Although these computers are becoming increasingly more sophisticated, we do not recommend one for business use. They do not usually have the capacity, durability, or range of software you will want in a business computer.

Under particular circumstances you may wish to have one for specific supplementary tasks. For example, the Commodore 64, with its sound and color capability, can be used to design and present computer slide shows.

Notebook or Lap Computers Usable on airplanes when the airlines allow it, these computers are literally the size of a notebook. They weigh little more than a filled ring binder and are battery-operated. They will not suffice as your primary business computer, but can be used as supplements to another computer. They would be excellent, for example, if you do field work and need to have a

computer with you. Examples are the NEC 8201A, the Radio Shack Model 100, the Epson HX-20, and the Hewlett Packard-75.

Portable or Transportable Computers About the size and weight of a sewing machine, these computers can function as full-scale business computers. If you are working at home, they have the advantage of being compact and easy to put away out of view. Examples are Compaq, Corona, Kaypro, and Zorba.

Computers like Gavilan, Grid, and Sharp PC-5000 are in between a notebook and a portable computer. Referred to as a briefcase computer, the Gavilan weighing only nine pounds with a five-pound attachable printer, is an option for business involving a great deal of travel.

Desk-Top Computers Greater in size and weight, the desk-top computers need a more or less permanent place to sit. They come in either unit or modular construction. We recommend modular, because they are more easily upgradable by changing the different components, and they're easier to use. You can change the angle of the monitor and the keyboard.

Examples of modular systems are the Epson QX-10, Hewlett Packard-150, IBM PC, Morrow Micro Decision, NEC APC, Tandy Model 2000, and Texas Instruments Professional Computer.

Minicomputers in a Micro Box These computers generally begin in price at about $8,000, sometimes have 32-bit microprocessors, and can be the basis for multiple users by attaching terminals to them. For businesses that need greater speed and capacity, these may be your choice. Examples of these are Alpha, Altos, Fortune, Vector, and Wicat.

For most businesses your choice will be between a desk-top or a portable computer with one of the two operating systems for which business software is written: an 8-bit CP/M system or the 16-bit MS-DOS system. The advantages of 8-bit systems are that currently the largest number of business programs has been written for CP/M and the 8-bit CP/M computers are less expensive.

The advantages of the 16-bit MS-DOS systems are that an estimated 80 percent of the software being written today is being written for MS-DOS because of the success of the IBM Personal Computer and the 16-bit systems have the ability to use increasingly sophisticated software programs.

It is possible to buy computers that are able to use both 8-bit CP/M and 16-bit MS-DOS software. They include the DEC Rainbow, the Zenith Z-100 and the portable Otrona Attache. We'll be seeing more of these versatile computers on the market.

To Buy Now or Wait

Many people ask us whether they should wait for prices to come down further, for new technological advances to

come on the market for the "shake out" to take place. We tell them there is no ideal time to buy a computer. Prices will continue to fall and technology will continue to improve indefinitely. The right time to buy is when you are ready to use one. We have found that our computers have paid for themselves many times over and have been worth the investment if they were to be obsolete tomorrow.

In today's market, there is no assurance that any company, except perhaps the one with three famous initials, will still be in business. Just as there were hundreds of makes of automobiles that did not survive, there will be computer companies that won't survive. Buying a computer that is made with standard components and that is sold to many people offers reasonable assurance that service will be available to your system for a long time.

If You've Already Bought Your Computer

If your computer has the capacity to meet the demands of your business and the software you need is available for it, you're in luck. If not, you will need to determine if your computer can be upgraded to do what you need at a reasonable cost. If it can't, you're faced with deciding whether to get a new one. We've come to look at computers as if they were automobiles. If you've been driving a sports coupe and add a new member to your family, chances are you'll get a bigger car, and the same applies to computers. If your needs change, your computer may need to change also.

THE PRINTER YOU WILL NEED

For business applications, the type of printer you select for your computer is most important. You send out correspondence, use mailing lists, develop financial records, and much more. You may spend from less than $200 for a thermal printer to more than $10,000 for a laser printer that gives you typeset-quality printing. Remember, the four most important factors in picking a printer are print quality, speed, reliability, and serviceability. Also, you should consider the noise level of the particular printer you're buying.

Four Key Factors to Consider in Choosing a Printer

1. Print quality: whether what's printed looks like it was produced by a typewriter or a computer. Documents that look like they are typewriter-produced are called "letter quality" or "typewriter quality." The other kind of printers is "dot matrix" and produces characters composed of small dots.
2. Speed: how long it takes to print your work. Printer speeds may be as slow as 11 characters

per second, about the speed of a fast typist, to more than 500 characters per second.

3. Reliability: how long a printer will work before breaking down. Printers are rated in terms of mean time between failures. In considering printers, find out their reputation for reliability.
4. Serviceability: how long it will take to get a printer repaired. You may be able to get your printer repaired on a walk-in basis or you may have to ship it somewhere, leaving you without your printer for weeks. For example, the owner of a high quality printer left a recent message on an electronic bulletin board on CompuServe Information Service, expressing his frustration at having to ship his printer to a repair facility in a distant city. He had been without it for five weeks.

CHOOSING THE BEST PRINTER FOR YOUR BUSINESS

If you create documents to be sent out, you'll probably want them to look as if they were produced by a typewriter, not a computer. If so, you'll want a letter-quality printer. You'll likely choose a printer that uses either a daisy wheel or a thimble to produce characters one at a time. Some considerations in selecting a letter-quality printer are whether it produces proportional spacing and how many fonts for different type faces are available.

Letter-quality printers are slower than dot-matrix printers, with 40 characters per second being a respectable speed. Letter- quality printer prices begin at around $500 and go into the thousands. The faster these printers are, the more they cost.

Another, slower way of getting letter-quality manuscripts is to use an electronic typewriter that doubles as a printer. We found this to be reasonably effective for our business. We've also found it necessary to have a faster dot-matrix printer, as well.

If you want speed and do not need presentation quality printing, you will probably want a dot-matrix printer. In choosing a dot-matrix printer, besides comparing print quality, speed and reliability, consider whether you need a printer with graphics capability. If you work with spreadsheets, you may need a printer with a 15-inch format that will print out a full 132 columns.

We recommend getting a dot-matrix printer that can load paper with both a friction-feed and tractor-feed. The prices of dot-matrix printers begin at less than $300 and go into thousands of dollars for high speed line printers which print a line at a time.

Newer on the market for personal computers, at just over $1,000, are ink jet printers, which offer high-quality printing, graphic capability, color, and silent operation.

The state of the art are laser printers with speed and quality equivalent to having your own printing press. Although they are probably the printing technology of

the future, at this time their cost put them out of the reach of most start-up businesses.

How to Learn to Use Your Computer Equipment and Software

Of course, if you don't already know how to do so, you'll need to master the operations of your computer and your software. You'll want to learn to do this as quickly and easily as possible. Here's what we suggest.

Recognize that you need to devote some time and energy to learning how to use your computer. The amount of time and energy varies according to the complexity of the software and your learning style, anywhere from a few hours to a few weeks. Select an approach that is best suited to your personality, whether it's learning on your own or learning in a classroom. Here are some options.

Six Ways to Learn to Use Your Computer

1. If you like to figure things out yourself and you don't mind making mistakes and feeling confused, you can teach yourself, using the manuals that come with your computer and your software.

2. If you would like a bit more assistance than what's available in the manuals, you can buy books and audio and video cassette tapes. You can find these books and tapes at bookstores and software stores, order them by mail through computer magazines, or buy them at computer shows.

3. If you like to learn by yourself at your own time and convenience but you've never been good at reading instructions and tinkering around, you can learn in your office or home with tutorial software. Tutorial software enables the computer to teach you step-by-step how to use it. Since tutorial software is not available for all computers or all software, if you prefer this method of learning, you will want to select a system that offers this feature.

4. If you learn better from a real live human being, commercial computer schools, computer stores, and local colleges and universities all offer computer classes. Talk to the instructor before you sign up to be sure that he or she knows about your computer and about using it in your business. Also be sure the instructor speaks English, not "computerese."

5. For more personalized assistance, you can hire a consultant or tutor to teach you, or enlist a friend who has your system and can show you how to begin.

6. If all this seems like too much time and bother, you now have the option to buy a computer that is simple to learn to use, such as the Apple Macintosh or Epson QX-10. You can sit down and begin using them with no instruction at all.

Where to Turn for Help

If you have problems mastering your computer, here are some additional sources of help:

1. *User groups*. User groups are computer clubs. They are an excellent source of free help. To locate the computer clubs in your area, ask your local computer stores.
2. *Special interest groups on CompuServe Information Service*. These groups are electronic computer clubs or user groups. You can almost always find someone who can answer your questions. In fact, you may get several answers, but they may not all be the same.
3. *Your computer store*. Some dealers offer training, support and assistance; discount stores and other outlets generally do not. If you are new to computers, we recommend buying from a dealer who provides this service.
4. *Your manufacturer*. Many manufacturers have 24-hour telephone help lines with qualified technicians available to answer your questions and help you solve problems.
5. *Magazines and newsletters*. There are computer magazines today for all levels of users. They are full of tips and valuable information.
6. *Consultants*.

6. FOURTEEN START-UP STEPS FOR A SUCCESSFUL BUSINESS

Although it will certainly help, you do not need to have a business background to succeed in your computer-related business. There are certain things you will need to know about business, however, so let's start with the fourteen start-up steps you'll need to take to get your business underway.

STEP 1: LOCATE ADEQUATE OFFICE SPACE

We recommend that you start your business at home if at all possible because this will enable you to keep your start-up costs and operating expenses low while you are building the business. Fortunately, most computer businesses can be run from your home, whether it's a house, an apartment, or a condominium.

Your personal computer probably won't require any special electrical or environmental modifications. We do recommend, however, that you get a "surge protector" to safeguard against high voltage spikes and electrical noise that can cause you to lose data or can change it unpredictably. Sensitive components in your computer can also be destroyed. A surge protector that does the job will cost around $70. If you have difficulty with power outages in your area or with blowing circuit breakers, you may wish to use software that periodically saves material on you data disks automatically, or buy a backup power supply device. Prices for such devices begin at around $600.

A separate, clearly defined space that is used only for your business works better in most households, besides being necessary to qualify for a home/office tax deduction. To be believable to the IRS, it used to be said your home/office needed to have enough office space for at least a desk, a chair, and a filing cabinet. Today, your desk may be a computer table and your filing cabinet your disk storage.

You may want to acquire specialized computer furniture, designed to handle the special requirements of your system -- things like holes for power cords and cables, trays and shelves for components and manuals. Your comfort at the computer is important and computer furniture is designed with this consideration in mind.

In locating your office, you will want to plan for adequate lighting and freedom from glare. We prefer daylight and incandescent lighting.

You should anticipate needing at least 10% of your space for storage. Even with a computer, your files and records will grow.

The most common place for an "electronic cottage" office is a spare bedroom. Usually it's large enough and separate enough from other household activities for you to work comfortably. If you don't have a spare bedroom, here are some ideas of how other small businesses have modified their existing space to accommodate their computer and the business. They have used:

a den or family room
a breakfast room
a closet
a storage area
the garage
a side porch
the attic or basement
a separate building such as a guest house or cabana

If you don't have a suitable separate area, you can create a separate business space by dividing a room with screens, bookcases, or furniture. You can enclose a porch or patio, add on a room, or even construct a separate building. In fact, we've known someone who set up a business in an RV parked in the side yard.

STEP 2: CHECK THE ZONING REGULATIONS

You can determine if your home can be used for business by checking the zoning ordinances at either your city hall or county courthouse. To know whether you need to check with the city or the county, a general rule of thumb is that if you would call the police, you are governed by city zoning; if you phone the sheriff, you deal with the county.

Zoning regulations typically divide communities into residential, commercial, industrial, and agricultural zones, with subdivisions within these categories. Even in residential areas, many zoning regulations allow "home occupations," with limitations such as:

the home being used primarily as a residence

no signs or commercial displays

no "stock in trade" sold on the premises

no employees

no machinery or mechanical equipment

Most computer-related businesses would not violate these restrictions. In fact, most people won't know you're operating a business.

The most common ways zoning violations are discovered are when your neighbors complain, your business becomes visible because of traffic, parking, or noise, or your city or county is notified when you apply for a business license or for a sales tax resale number, also known as a certificate of authority in some states.

Good-neighbor relations are the best asset for avoiding zoning problems.

STEP 3: DETERMINE THE FORM OF YOUR BUSINESS

In setting up your business you have three basic choices. You can become a sole proprietorship, a partnership or a corporation.

Sole proprietorships are the most common form of small business. They have the lowest start-up cost, are the easiest to set up and to discontinue, and provide the greatest freedom from regulation. You are the boss and all the profits are yours. On the other hand, the total investment is yours, too, as is all the unlimited liability if something goes wrong. Sole proprietorships are limited to your lifetime and you will have greater difficulty raising capital than if you operate as a corporation.

Partnerships also involve low start-up costs, and are easy to start. You have someone else to share the work and responsibility and may find it easier to raise capital. You'll have few government regulations to contend with in a partnership, but you should consult an attorney to draw up a partnership agreement. It's as difficult to find

a suitable partner as it is to find a good mate and you will be legally liable for anything your partner does in connection with the business. Then you'll also have to contend with sharing the authority and the profits.

Corporations can limit your liability if something goes wrong. They can continue after your lifetime and offer both tax advantages and better opportunities for raising capital. However, they are more expensive to start and require the services of an attorney. They involve extensive record keeping, are closely regulated, and may be double taxed.

We recommend beginning as a sole prioprietor unless: your business holds the danger of your being sued for damages arising from the use of your product or service; you've decided to work with a partner; you need to shelter your income. In any of these cases we would recommend that you consult an attorney.

STEP 4: SELECT AND REGISTER YOUR BUSINESS NAME

Your business name will be your primary business identity, so select it with both creativity and care. Your business name should be easy to remember, not too short or too long, simple to spell and pronounce. It should be unique. You don't want to be confused with other businesses. Your name should evoke the business image you want to convey to your customers or clients. Here are some examples:

The MicroMoonlighter Newsletter
Word Processing News
Word Smithing
Letter Perfect
Rising Star Industries
Computer Consultants, Inc.
The Computer Coach
Programmers' Pipeline
Rent-To-Own Computers

The more specific the name, the more clear it is what product or service your business provides. Letter Perfect is a word processing service. The name clearly lets customers know what service it will provide and adds the suggestion of quality. If the owner wants to expand into other areas, however, this name may become limiting. Rising Star Industries doesn't let you know precisely what this high-tech research company does, but it allows leeway for the many products the company will develop and conveys a positive image.

We recommend coming up with several alternative names and trying them out on friends and people in your field. Give yourself several days to see which one feels best to you before deciding.

Once you have selected your name, you will need to register and protect it. If you are a sole proprietorship

you will need to file a fictitious business name with the secretary of state or with your local county clerk, depending on state law. If your business is a corporation, you will need to reserve the name with the Secretary of State. You may wish to trademark your name to protect it from use by others. You do this through your state, or, if you meet the qualifications, you may register it with the U.S. Patent Office in Washington, D.C. Federal registration takes about one year to 18 months and costs around $40 to $50.

STEP 5: OBTAIN AND FILE NEEDED LICENSES, PERMITS, AND REGISTRATIONS

Because state, county, and local regulations vary from place to place, you will need to determine if your business requires any of the following: a city or county license, a state sales permit, a federal employer's identification number, or any other special licenses.

Even if you are not required to have one, we recommend that you get an employer's ID number. It will cost nothing, but will convey the image of a substantial business. You can get your Federal ID number from the nearest Internal Revenue Service office.

Knowing the specific licenses you need is an important safeguard against future headaches. We know of a woman who started an electronic housing rental referral only to discover that in her state, she needs a real estate license to do that. We also know someone who started a word processing service and had been in business over a year before the state notified her that she owed sales tax on many of her services. The back taxes nearly put her out of business. So check out your state's requirements before you start.

STEP 6: DESIGN AND PRINT YOUR LOGO, CARDS, AND STATIONERY

Now that you have your own business, your business cards and stationery are more than paper you use for correspondence. Think of them as miniature billboards for your business. They create a first impression for people with whom you don't have face-to-face contact. They tell the world about your business. Some of the people you do business with may know you only through your stationery. Think about your stationery and your business cards as part of your promotion and sales efforts.

Design your logo, cards, and stationery to make a statement about your business. Have them convey the image you wish to create about your business. For example, if you have a software firm and want to convey a modern high-tech look, you might use a paper, typestyle, and design that is clean, sleek, cool, and forward looking. If you have a computer camp to introduce people to com-

puters and want to convey a friendly, safe environment, you may choose to use a paper, typestyle, and design that is rounded, warm, soft, and reminiscent of the familiar past.

The content of your card and stationery usually includes your business name, your name (if it's different from that of the business), your logo and your address and phone number.

We recommend at least a 24-pound paper for letterhead and stationery and 60 to 70 pound stock for cards. The type should be large enough to be read easily, especially the telephone number. Since typesetters have a tendency to make the phone number too small, specify at least 10-point type for your phone number and place the number in the lower right-hand corner of your card because that is where people's eyes come to rest.

Shopping wisely, you can keep the cost of your cards and stationery to around $200. For low-cost design work, approach local schools of design for students to design your logo. You can use only one color of ink, but don't skimp on paper. The money you save is minimal. Printing in quantities of 1000 often costs only slightly more than printing 500. But don't go overboard until you know that what you have printed is effective. We know a man with 2,000 purple brochures in his garage.

STEP 7: DEVELOP YOUR BUSINESS PLAN

A business plan is the road map for your business. It sets out your goals, where you're going in your business and how you plan to get there. Remember, if you don't know where you're going, any road will get you there. Beyond being a necessity for finding investors or getting a loan, a business plan is primarily for you. It helps you be realistic about turning your dreams into reality and helps you avoid surprises and failures.

To develop a business plan, answer these questions:

1. What is your business? Describe it in 65 words or less and write it so that a 10 year old can understand it.
2. Who are your intended customers or clients?
3. Why do you think they need what your business offers?
4. How are you going to get their business?
5. How will they know about what you can do for them?
6. How much money do you need before you open?
7. What are your operating costs going to be?
8. How are you going to price your goods or services?
9. How much can you sell?
10. How long will it be before your sales will cover your costs?
11. How long before you'll make a profit?

12. How are you going to pay your bills in the meantime?

A business plan answers these basic questions, but writing one does not have to be a complicated or difficult process. If you follow Jack Lander's advice in his book *Make Money by Moonlighting* you can write your business plan in the form of a personal letter to a friend. Here's an example:

"Dear Friends,

You'll remember all those mail-order magazines I had stacked up by the computer in my spare bedroom. Well, I'm finally going to start my own mail-order business. I've developed a manual on how to use computer information services easily and simply. The projections are that 75 percent of American homes will have computers by 1990 and already over 200,000 computer owners have a modem and belong to at least one communications service and this number is growing rapidly.

I've joined several major on-line services and have learned to use them successfully. That's not always easy. I know the difficulties a novice can have, because I had them myself and I have interviewed close to 50 people who've tried to use a service for the first time. With this knowledge I developed a desk reference guide on how to use the services and had it printed. I've got 2000 copies overflowing the closet and ready to go in the mail.

I've been to the bookstores and the computer stores so I know that there is nothing out like what I've got to offer, but I've set my price at just below the average price of the most popular computer books.

I'm going to start by advertising in computer magazines. I've picked out those with the largest circulations, and I plan to submit articles on computer networking to these magazines and to send news releases.

I figure if I sell 25 guides it will pay for the ad and after I've sold 273 I will have paid for producing these products. After that I'll be making a profit.

The display ad will be the most important variable. I've taken a class on writing mail-order display ads and I think I have one that will draw. I'll be able to identify which magazine is pulling in the most orders by coding the return addresses. So I'll soon know if my strategy will work.

If it does, there probably won't be room for any overnight guests because between the computer and the guides, I'll be selling the bed. But if all goes well, we'll be adding that extra room on to the house that Bill and I have wanted for so long.

Wish me luck
"Nan of The Networks."

STEP 8: ESTABLISH A BANK ACCOUNT AND YOUR CREDIT

You will need to set up a separate business checking account for your new business. We recommend selecting a small

or a local neighborhood bank where your business will be noticed and valued.

If you are happy with your existing bank, you may want to open your business account there because you already have a good relationship.

Find out what the bank's policy is on holding checks deposited for collection. Some banks won't credit your account for checks until they have cleared if the checks are above a certain amount or if they fail to meet other criteria. Find out whether your account will be immediately credited for checks not held for collection so you can have immediate use of those funds.

Get to know and have a friendly relationship with all the bank employees. You never know when that may become important. We're always surprised by how little favors can make a difference.

STEP 9: SET UP YOUR BOOKKEEPING AND ACCOUNTING SYSTEM

The purpose of keeping good records is to enable you to know how your business is doing, where you are making a profit and where you aren't, what your costs have been, what areas you can cut expenses in, how you will need to modify your plans and projections, and to enable you to pay the legal taxes you owe and protect yourself should you be audited.

Your goal should be to keep simple, accurate records. You do not need to use double-entry bookkeeping; in fact, we recommend against it unless you are paying someone else to do it for you. If you wish to hire a bookkeeping service, prices in each area vary, but in our area, the cost runs around $20 an hour or $75 a month for basic bookkeeping and tax-reporting records. You can consider locating an electronic bookkeeping service compatible with your computer system.

Two valuable resources are Internal Revenue Service Publication 334, *Tax Guide for Small Business*, and Small Business Administration publication MA 1.017, *Keeping Records in Small Business*, which is one of many free or low-cost publications available from the Small Business Administration.

STEP 10: GET NEEDED EQUIPMENT AND SUPPLIES

We suggest that you generate a list of what minimal things you expect you will need. A good way to start if you are currently working at a job is to go through your office desk and write down a list of what you find on top of and in the drawers. If you have a secretary, find out and list the common office supplies he or she keeps on hand. Here's a sample list:

file folders paper clips

calendar
appointment book
address book or rolodex
pens, pencils, erasers
letter opener
in and out box
paper cutter
pencil holder
paperweight
stamps
postage meter
scissors
ruler
stapler
file tabs
Jiffy bags
staple remover
glue, rubber cement
rubber bands
hi-liters
tape
rubber stamp
check protector
envelopes
index cards
paper cutter
Postafix
floppy disks
disk cleaning kit
printer paper
large envelopes

STEP 11: SET UP YOUR TELEPHONE SERVICE

If you are working from your home, you often do not have to get a separate business phone unless you want a Yellow Pages listing. Using residential lines, particularly at first, helps keep your costs down.

You may wish to get another residential line, however, so you can have an incoming and an outgoing line or a business and a personal line.

If you want a business listing but would like to save the several hundred dollar deposit required to install a business line, have a new residential line installed and then once it's installed, call the phone company and ask to have your new residential line changed to a business line.

We recommend getting touch-tone phones for convenience and electronic communications. We suggest you buy your phones. If you buy a good one that will hold up, it will pay for itself in a year. Our experience is that the more durable phones are made in the United States.

You'll want to arrange for an answering service or an answering machine to take your calls when you are away or when you don't want to take business calls.

The choice between an answering machine and an answering service is one of personal preference. Answering services provide a live person to answer your phone. To many people they are less aggravating than answering machines and they may communicate more prestige. However, they tend to answer slowly, leave unclear messages or give your messages to someone else and they're notorious for being rude and abrupt. Answering machines cost less. They leave a reliable message and offer your own personal greeting, but many people dislike them and some will hang up when they hear an answering machine. Being machines, they are subject to occasional mechanical failure. Today, however, people are becoming more sophisticated about answering machines and we're noticing that a smaller percentage of people are hanging up. In case you haven't guessed, we have an answering machine.

Although prices vary by location, in our area the lowest price we've found for an answering service is about $40 per month for a nine-to-five service Monday through Friday. We have heard that computerized answering services are more reliable. An answering machine that will serve your business needs will cost between $125 and $300, depending on the features you select. If you are away from your office and need to check your calls, for example, you can get an answering machine with remote playback so you can phone in to hear your messages.

If your business will involve extensive long-distance calling you may want to subscribe to a lower-cost long-distance service. If you have more than $25 worth of long-distance costs a month, you should consider this option. Check the services in your area and select the one with the best rates and the clearest telephone lines.

STEP 12: SET UP YOUR MAIL SERVICE

If you are working from your home, you probably will not need to do anything special about your mail service. We have checked this with the Postal Service and they have told us that there is no problem with delivering any amount of business mail to a residential address. However, you may need to get a bigger mailbox.

If you don't want to give out your home address or are concerned about the image of your home address for a business, particularly if you live on Easy Street or Sleepy Hollow Lane, get a post office box or rent an address from a private postal service.

STEP 13: GET NEEDED INSURANCE

If you are working from home, you will want to get a business rider on your homeowner's insurance to cover liability to business visitors coming into your home. This business endorsement will cost approximately $10 a year. If you have employees, you may also need Workers' Compensation Insurance.

You'll need additional coverage to insure your computer and other business property against loss. Homeowner policies don't cover your computer if it's business equipment. Even if you use your computer partly for personal purposes, the business portion isn't covered without getting additional coverage.

If you'll be taking your computer out of the house, you may need to get separate insurance coverage to protect it from loss or damage. We found that once our computer was out of the house, it wasn't covered by either the business coverage we added to our homeowners policy or our automobile insurance. Companies offering special computer insurance include Columbia National General Agency, Inc., in Columbus, Ohio; Data Security

Insurance Agency, in Boulder, Colorado; and Personal Computer Insurance Agency, in San Jose, California. Some companies offer policies covering the cost of reconstructing lost data files.

STEP 14: ESTABLISH A WORK SCHEDULE

Do have a schedule. It will not only help you organize your work, but will help family and friends know when they can and cannot interrupt you. Business contacts will also get to know when it's best to reach you. A schedule will even help you to avoid having your work take over your life, as it is apt to do when you own your own business.

If you are operating a part-time business, we have some suggested time guidelines. Plan to work at least eight hours a week at a minimum. Plan to spread the eight hours throughout the week, so that you are not squeezing it all into the weekend. This way, when something you want to do or have to do arises on weekends, you can still get work done that week.

Avoid scheduling work during important personal time like Monday night football or your favorite club night. Work no more than eleven months of the year. You'll need a month off. We've found that adhering to these few guidelines will keep you not only productive, but also healthy.

We've discovered a few other rules of thumb. When you are working, work as though you were at a regular office. You'll probably find you are more productive because of the absence of office politics. Set goals for what you want to accomplish each day or week. Keep track of how you're spending your time. Use "To Do" lists and a system to set priorities for what to do first. We've developed "The Time Manager," a one-page daily planner, to help ourselves and others manage time more effectively.

WHERE TO TURN FOR BUSINESS HELP

Beyond these Fourteen Start-Up Steps, if you do not have a business background you may need to take courses or read some of the many books available on starting your own business, particularly those featuring the areas about which you know the least. The Small Business Administration offers free or low-cost business courses in most communities. Local colleges and universities offer business courses in their extension programs.

Although there are many good books on starting a business, our favorite is *Make Money by Moonlighting* by Jack Lander. An excellent newsletter for keeping up with income opportunities using your computer is the *MicroMoonlighter*. It discusses sales and marketing ideas, trends, resources, and the in's and out's of specific businesses.

7. FINANCING YOUR BUSINESS

Now let's consider how you can finance your business. Earlier we mentioned financial problems as a major reason for small business failure. There are eight typical financial problems that small businesses experience.

TYPICAL FINANCIAL PROBLEMS TO AVOID

1. Not having enough money to start up and operate.
2. Not enough money to grow is a problem of success.
3. Too much debt.
4. Cash flow problems.
5. Inadequate financial planning
6. Not making enough profit to justify the effort or overlooking the risk return tradeoff.
7. Poor credit and collection practices.
8. Inadequate bookkeeping.

Here are some rules of thumb for avoiding these typical problems.

SEVEN RULES OF THUMB FOR SUCCESSFUL FINANCIAL MANAGEMENT

Start Small

Try to keep your start-up expenses under $5000, including the cost of your computer system. If you can start your business for less, do so. This means using your brain instead of your checkbook.

Anticipate your start-up costs and keep them as low as possible. Avoid frills. If in doubt about a major expense item, ask yourself and people whose business advice you can trust, "What would happen if you didn't spend for this now?" Realistically answering this question may delay your buying a computer with more bells and whistles than you need, delay your incorporating, and keep you from opening a plush downtown office.

Here are some typical start-up expenses:

Computer, software, and printer (approximately $1800 to $7500)

Stationery, including design, and supplies ($400 to $600)

Business licenses, permits, and filings ($25 to $300)

Norman J. Goode
Publisher
MicroMoonlighter Newsletter

Norman Goode had been involved in the computer industry for sixteen years when he got the idea for *MicroMoonlighter*, a newsletter for people who want to use their personal computer to create full or part-time income. Called the nation's most visible moonlighter, he has a full-time job as a project manager for a producer of turnkey minicomputers.

"I saw this business as a way to combine my three loves: computers, entrepreneurship and writing."

Three years ago, he took $5,000 from his personal savings, invested $3,000 in a personal computer, printer, and software, and used the rest very frugally to start the sideline business.

"I began with the best form of advertising a shoestring operator can use, the press release." Today he has 2,500 subscribers.

"I take enjoyment from business the way many others take pleasure from sports or TV. Money is great, but to me, and I would expect many other entrepreneurs, it's only a scorecard of how you are doing. The job of creating something of your own from nothing and having it accepted by others is beyond words."

"I could use such terms as creativity, luck, or just being in the right place at the time to describe my success. Actually, though, I believe my success, and that of anyone beginning a business, lies in a single word, persistence."

Essential equipment and furniture (0 to $2000)

Insurance ($75 to $100 if you're working at home)

Legal, accounting, and consulting fees (0 to $1000)

Telephone installation and deposit fees ($50 to $250)

Advertising and promotion costs ($75 to $500)

Dues and publications (about $200)

Remodeling costs, if you're working at home and need to make changes

Inventory, if you're selling products

Working or operating capital, so you can pay bills while waiting for income to come in

If yours is a full-time business, you'll also need to cover the costs of your personal living expenses until you break even.

Most of the successful computer entrepreneurs we talked with kept their start-up costs as low as possible. Sue Rugge and her partner contributed $250 each to start what became Information on Demand. Gil Gordon started

his firm for around $6,000 including the cost of his equipment.

Norm Goode started the *MicroMoonlighter Newsletter* literally on a shoestring. "I believe starting small is important in a start-up business. I took $5,000 of my own savings. I used about $3,000 for the computer, printer, and software and invested the rest frugally to start the business. It was money I was willing to gamble and lose. By investing only what you are prepared to lose, you can withstand adverse conditions."

If You Have a Job, Keep It

Remember "the first rule of wing walking"—never let go of something until you've got hold of something else. Since a new business is always an experiment, don't give up your current source of income until you know whether the business is going to take off and whether you like being in business.

Develop An Entry Plan

Plan how you're going to move from being supported by your current sources of income to being supported by your business. Your goal is for your business to survive that first year. The first year is like the golden hour in emergency medical care.

You can figure it takes six months to do anything. We've known of exceptional businesses to produce a profit after three months, but most businesses take longer to break even. As Elizabeth Scott and Lucy Ewell forcefully told us, "Everything takes three times longer than you plan." And remember, the study of success in small business showed that successful owners had modest expectations for the business. So balance patience with judgment.

Here are four types of entry plans:

The Moonlighting Plan Develop your business as a sideline. When it takes off, you can go full time if you want. Newsletter publishers often begin this way. When they have subscriptions and advertising, they can make it a full-time business.

The Part-Time Plan Work a part-time job to provide a base income while you're building up your business. A musician we know, who composes with an electronic synthesizer, for example, is working part-time in a cassette production company while he launches his business. He's not only earning enough to cover his basic expenses, but is also learning valuable technical expertise and making important business contacts.

The Spin-Off Plan This approach involves making your employer your first major client or taking a major client with you in situations where this is ethically possible. Computer consultants and programmers often begin this way. When Gil Gordon started his consulting firm he was

able to get a retainer from his previous employer to provide a certain amount of work each month.

The Cushion Plan With this plan, you have a financial resource to draw on that supports you while you are launching your business. Sabbaticals, divorce settlements, retirement funds, personal savings, an inheritance, or a previous investment have launched many a new business venture.

Bill Slavin used personal savings to launch his computer consulting firm. "I had a bonus when I left my job and I had funds from a profit-sharing plan. The biggest surprise I had when the business got going was that I still needed a cushion to fall back on because there is always a germination period between when you start seeking business and when you actually get the work." He found that a new business needs about a six-month reserve to sustain itself.

Avoid Loans and Investors

There are three principle sources for financing start-up:

You can use your own funds

You can find investors

You can borrow

We advise against using investors or borrowing until you know whether the business is a winner. Then you can use these resources for expansion. We advise this approach because it's difficult to find investors for very small start-up businesses and you won't be able to get a commercial loan for a start-up. As many a disappointed borrower has lamented, "Banks make loans to people who don't need the money."

Michael Anderson used this approach in starting Broadmoor Computer Systems. "I was working out of the house, keeping expenses to a minimum. After I knew the idea was going to work out, I got investors from the family and eventually a bank loan. Banks are looking at you to see that you can do it."

Bill Slavin agrees. "I didn't consider outside financing until recently, when I realized that after three years of business I needed to finance the growth of the firm."

So while you may be able to borrow money from relatives and friends or by using your personal assets as security, borrowing adds to the expense of operating your business and puts you under additional financial pressure. It's better to start small and use the income your new business brings in to engage in what is called "bootstrap" financing," Bootstrap financing is the essence of effective cash flow management, which we'll discuss in a moment.

Finance Start-Up Yourself

Here are some ideas for how to get funds for start-up costs:

earnings
savings
retirement funds
insurance loans
profits from an existing business
piggy-backing on a spouse's earnings
selling valuables
unemployment compensation
a leave or sabbatical

Tom and Nancy Nickel piggy-backed their business, living off Tom's salary while they got the business underway, "I'm conservative. I wouldn't have done this if I didn't have a job and could do it without overexposing myself financially. I say ease into it the safe way. Try it out. Get your feet wet taking on a little more and more. Part of our success has been this approach."

Manage Your Cash Flow

Get any two new small business owners together and before long, they'll mention problems with cash flow. It's the classical bane of new businesses. Cash flow to a business is what breath is to life. Here are three basic strategies for managing cash flow wisely:

1. Minimize what other people owe you.
2. Utilize cash on hand for maximum benefit.
3. Hold on to what you have.

Now for some tips on how to capitalize on these strategies to "bootstrap your business" and get it to finance itself:

1. Get deposits, retainers, partial or progress payments.
2. Take payment in cash at the time of sale or delivery of service.
3. Take bank cards instead of extending credit.
4. When you must bill people, offer discounts of from 2 to 5 percent for receipt of payment within 10 days from the date of the invoice.
5. Bill immediately instead of waiting until the end of the week or the month.
6. Act promptly on overdue accounts.
7. If your business is large enough, use a bank's cash management programs.
8. Use cash on hand to maximum advantage by depositing it in interest-bearing accounts and using money-market funds.
9. To get and keep your business, some suppliers will give 30, 60, even 90 days of interest-free credit.

Tom and Nancy Nickel
N2 Data Serv

Two years ago, Tom Nickel wanted to upgrade his TI home computer to an IBM PC. Nancy Nickel had just quit her job. To justify buying the computer, they decided to start a business Nancy could run part time. In this way, the computer could pay for itself and they could wirte off the cost. N2 Data Serv, a programming and data processing service, was born.

They took out a personal loan to buy the computer and planned to do data processing for medical, dental, and real estate offices. Although these markets didn't develop, they stumbled into a unique niche—providing freight billing services for large companies. They discovered that often freight billing, auditing, and reporting is a low priority for in-house computer time, so freight departments are looking outside for help.

Nancy, who describes herself as not really interested in computers, brings secretarial, real estate, and property management experience to the business and finds she is able to run N2 Data Serv in just two days a week. Tom, who describes himself as a "computer nut," is employed full-time as a data processing manager and does programming for N2 Data Serv on the side.

For Tom, "There's nothing like having your own business. I enjoy working from home, doing what I most enjoy doing and making money at it." For Nancy, "This is almost like magic. You can adjust your hours and tailor your work to what you want to do. It's all up to you."

10. Use charge cards. You'll get 30 to 60 days free use of money.
11. Make timely but not immediate payment of bills.
12. Rent or lease equipment rather than tying up your capital in owning it.

Price Low Enough for Your Market but High Enough for You

In pricing, take into account what the competition charges, the value to the customer, and the customer's expectations and ability to pay. You need to consider your costs, which include your time, overhead, materials, supplies, and especially your profit goals.

Dorothy Baranski found in operating Dorbar Executive Services that by pricing her word processing and financial management services lower in the beginning, she could raise her rates as her reputation grew. "You may have to start out making less profit to build your reputation. Make sure your overhead is covered first and then add a little bit of money to live on. But since people care most about the quality of your work in a service business, satisfied customers are the best thing you can have. They'll stick with you when you raise your prices because they want "you" to do their work."

Tom and Nancy Nickel were concerned that they would meet price resistance if they charged for all the costs of programming at the time they began to handle freight billing for a company. They worked out a monthly freight billing charge that prorated the programming fee throughout the year. This pricing strategy enables companies to start the service for a reasonable cost and distributes their income more evenly throughout the year.

These are our seven rules of thumb, learned from working with many small businesses and from starting them ourselves. As you make your plans for financing your business, you may want to hire a financial consultant to help you be sure you are on the right track.

8. GETTING BUSINESS

Richard Buskirk, from the University of Southern California's Entrepreneur Program, says, "You don't have a business until you have business." Certainly there is no business until you have a customer or a client. So let's take a look at how you are going to get business. In other words, how you're going to market your product or service.

THE #1 MARKETING MISTAKE

The greatest mistake in marketing is thinking that because you have a good product or service, people will buy it. Chances are if you ask most people who discovered America they will say, "Christopher Columbus." Some might say, "Leif Ericsson." But 2,000 years before Ericsson, Basques from ancient Spain, Phoenicians, Druid priests, Libyans, and Egyptians may have visited our

shores. Instead of discovering America, Columbus marketed it!

The issue in getting business is letting people who can use your product or service know about it, and doing it in a way that makes it possible for them to overcome all the reasons they wouldn't buy it.

There are many avenues for reaching your customers: through direct personal contact, by telephone, by mail, or with advertising. You can have someone else reach your customers for you by hiring an agent, a broker, or a manufacturer's rep. Choosing among the many avenues leads to the next most common mistake.

The Next Most Common Mistake

The next most common marketing mistake could do you in if the first one doesn't. Because new small businesses usually don't have much money to spend, they will sometimes get trapped into trying one approach at a time, hoping to find one that will work before their money runs out.

Marketing consultant Cork Platts claims that success as a marketer lies in how much you fail. Therefore, instead of trying one approach at a time, Platts urges new businesses to undertake several approaches to marketing in a small way simultaneously, instead of trying just one. Otherwise, you are apt to run out of money before you find the one or the two approaches that work for you.

Experimenting with Marketing—a Multifaceted Approach

Finding the avenues that will work for your business means experimenting. In their book, *Positioning, the Battle for Your Mind,* Al Reis and Jack Trout urge people to make mistakes. They remind us that we still remember baseball player Ty Cobb, who stole 97 bases out of 134 tries for a 70 percent success rate, but we have forgotten Max Corey, who stole 51 bases out of 53 tries for a 96% success rate. And then there's Eddie Arcaro, one of the great jockeys of all time, who rode 256 losers before his first winner.

All the successful businesses we interviewed had made many mistakes along the road while experimenting to find what worked. The secret is to use Platts's multifaceted approach, experimenting on a small scale, testing many different approaches until you discover which ones work. Take the advice of Thomas J. Watson, the founder of IBM, "The way to succeed is to double your failure rate."

Bernard Husbands used a multifaceted approach to marketing Programmers' Pipeline. Husbands began Programmers' Pipeline after a twenty-year career in aerospace. He launched his business by advertising in computer magazines and sending direct mail to software houses. At the same time, he used an aggressive news release campaign to computer publications and negoti-

Sue Rugge
President
Information on Demand

When Sue Rugge was laid off from her job as head of a corporate information center, she concluded the only way to have the job security and salary she wanted was to work for herself.

"If I hadn't been laid off, I am not sure I would have had the guts to quit and start my own business." But she used her ten years of experience answering reference questions for engineers and scientists to form what became Information on Demand, a research and information service which is now also the world's largest commercial document delivery service.

She was among the early companies to do research by computer and the first to make her service available on-line. "In the beginning I had to educate the market." She sold the service door to door or on the phone—almost always cold selling.

Starting with only $250, she and her partner were grossing over half a million dollars at the time their partnership ended eight years later. She has increased sales 100 percent since then, and IOD was recently acquired by a large corporation.

"Marketing is the key to everything. Doing your work is the easy part. It's the selling that's the hard part. Talking to people is the best way to get business. I gave my card to everyone I knew."

ated with the advertising departments to have his service written up in the new products section of the magazines in which he advertises.

Using Market Studies

Bernard Husbands also found that to select from among the various marketing avenues, you have to know your markets, what they are like, where and how they are most likely to hear about you. Therefore, we suggest doing what he did: conduct market surveys. They don't have to be elaborate or expensive. A source of information on how to do low-cost market surveys is Don Dible's *Small Business Success Secrets.*

Whatever marketing avenues you choose, learn about them before you try them. Become a marketing expert. Read, take courses, talk to other successful entrepreneurs. Then try them out until you find what works.

Which approaches you will want to use will depend on your service or product. If you are selling software for example, you can sell through computer stores, bookstores, distributors, book publishers, software brokers, computer manufacturers, direct mail, advertising in

computer manufacturers, direct mail, advertising in computer magazines, at trade shows, through electronic networks, computer clubs or user groups.

The key is to analyze your customers and your particular business and see which avenues are best suited to you. Let's take a look at each of several common ways to get business.

Using Free Publicity

Author Jack Lander claims that square inch for square inch, free publicity is more effective than paid advertising. That certainly has been our experience. But in a sense it isn't free. You have to qualify for it by being newsworthy and you have to spend the time and money to contact the media yourself or hire a publicist or public relations firm to do it for you.

Public Relations consultant Michael Baybeck, suggests you set aside a specific amount of time for "PR." He suggests five hours a week. He advises treating PR as if it were an investment account in which you send out one news release a month, make five PR oriented phone calls a week, and have at least one PR lunch a month.

Being Newsworthy

To get free publicity you have to become newsworthy. You have to have something to say or offer that is different and of interest to others. The fact that Susan Smith is starting a word processing service down on 10th Street isn't particularly newsworthy. If Susan's new business opens by announcing the results of a survey she conducted showing that word processing cuts mailing list costs in half, that could be newsworthy. Armed with this survey she'll have a much better chance of getting news coverage.

Sometimes great publicity comes from taking advantage of opportunity. Joseph Cossman, author of the book *How I Made a Million Dollars in Mail Order*, and an expert at self-promotion, once found a mallard duck in his swimming pool. He called the local newspaper and TV station, who covered the story. The newspaper syndicated the story nationally and in each story Cossman was identified as the author of *How I Made a Million Dollars in Mail Order*. Not bad for a phone call.

News Releases

To reach your particular market, it's not just what you say but where you say it. You can get your message out to prospective customers in trade and professional publications, newsletters, magazines, and business as well as general interest newspapers by sending news releases that lead to product reviews or an announcement about your business.

News releases are usually one- to two- page statements of newsworthy events. They announce a new

product, release the results of a survey, or report on an upcoming promotional event, such as an all-day computer demonstration at a local shopping center.

Interviews

News releases or calls to local radio, TV, and print media can lead to appearances on TV or radio talk shows or to feature articles about you and your business. Today everyone is interested in computers. If you are doing something new and different with your computer or can tell others how they can do something new and different with their computer, you could be swamped with invitations.

When Elizabeth Scott and Lucy Ewell began writing software for girls, their message was different. They were saying that girls approach computer games differently than boys, and that if girls don't get involved in computers, their future will be limited. They have written software that solves these problems. These discoveries are newsworthy. Educators and people with daughters immediately want to hear about this. It is no wonder they have gotten good media coverage.

Writing Articles

Writing an article and having it published establishes you as an expert in your field. To get an article published, send it to publications whose subscribers are potential customers or clients or send a query letter describing an article you could write. Remember to include your photo, a biographical sketch, and your address and phone number.

Since telecommuting (working at home while being employed by a company) is a new phenomenon, Gil Gordon knew he would have to educate the corporate market to its benefits if he was going to be hired to develop pilot telecommuting projects. He began writing articles for business magazines, describing the benefits and problems of telecommuting. These articles have helped to establish him an authority in an emerging field.

Contacting New Product Editors

Having a respected magazine or newsletter recommend your product is much more valuable than advertising you do yourself. Many periodicals have a new products section in which they review products and services they think will be of value to their readers. When Bernard Husbands personally contacted computer magazines to promote Programmers' Pipeline, the novelty of his service enabled it to be featured by several of them. Recently he got 45 to 50 inquiries from one article.

This approach is particularly good when targeted to publications your prospective customers read. For example, when we produced our cassettes on "How to Start a Word Processing Service," with Barbara Elman, we sent news releases and sample tapes to influential computer business newsletters. They reviewed the tapes

Jim Milburn
Freelance Programmer

After graduating with a degree in accounting, Jim Milburn discovered that accounting was not as much fun to do as it was to study. Since he had enjoyed programming in the two computer courses he took in college, he decided to use his savings to buy an IBM PC and, living very simply, taught himself how to program. Using the IBM PC manual and one other book, he spent eight months programming every day to learn the system and the BASIC language well enough that someone would pay him to program.

Now he's a freelance programmer and teaches BASIC at a computer training school. He got his first client by sending out resumes to people seeking programmers through the Help Wanted ads in the Sunday paper. He programs at home and hasn't had to seek out new business since his first client. "I don't advertise. Someone might take me up on it. I get all the business I need by word of mouth through my students or from my past clients.

"The computer provides my recreation and entertainment as well as my business. I can devote all my resources to my career and still have fun doing it. For me success is doing what you want to do and making enough money doing it to live the way you want to live. My computer provides that for me."

and we got orders as a result. In addition, we were able to use quotes from the reviews in further publicizing the tapes. We use reprints of the reviews and can say in describing the product, "as reviewed in so and so's newsletter."

Teaching Courses and Seminars

Adult education is growing at a rate of 35 percent a year. There are lots of opportunities to offer courses in college continuing education programs, adult education organi-

zations, churches, YW-YMCAs, department stores, and other such places. While teaching classes or seminars you can meet many prospective clients as well as attracting wholesalers, reps, or other contacts that can help your business.

Computer consultants often teach free or fee classes on selecting a business computer as a way to reach prospective clients. An announcement of our seminars at the University of Southern California led to our being asked to write this guide. Freelance programmer Jim Milburn finds he doesn't need to advertise for business because he generates all the business he needs from the programming classes he teaches at a computer training school.

Writing a book, chapter or pamphlet on your area of expertise further establishes you as an expert. You can sell the books, use them as promotional items, give them away as incentives for people to buy your product or service, and use them to help you get book, radio, and TV interviews.

Speaking

You can speak about your services or your product. There are more than 9,000 speaking opportunities every day in the United States. Speaking on subjects related to your business is particularly useful for services like computer schools, camps, or consulting services where people like to feel that they have a personal relationship with the person they buy from.

One woman started a children's computer learning center in a shopping center where mothers could leave their children while shopping. To promote her new business, she got bookings on radio and TV talking about the importance and problems of children learning to use computers. She spoke at local churches and parent groups. She used tantalizing titles like "Will Your Children Become Arcade Addicts?"

Computer consultant Bill Slavin finds that speaking and leading seminars provide him with the high profile he needs to attract business. He finds, "You never know for sure who will be a potential client in the future. So I've found that you have to treat everyone you meet as a potential client. You can convert the acquaintances you have made at speeches or seminars into clients by contacting them yourself. You have to follow up by calling on them, however, or they will think of you as a speaker or seminar leader instead of a consultant."

Networking

"Networking" is the informal process of meeting people who might be able to help you get business and letting them, and everyone else you know, know what you are doing and how they could support your efforts. Sue Rugge, founder of Information on Demand, puts it this way, "Talking to people is the best way to get business." Computer consultant Bill Slavin agrees, "I try to have no

lunches alone. If I'm going to have lunch, I try to schedule it with a client or prospective client."

Family networks, of course, are the oldest networks of all. They have long been a boon to business, as have civic and professional organizations. Now electronic networks are possible too. Membership in professional and trade associations is a way to find out what others are doing, what's working, what isn't, where there are "holes in the market." They can lead to affiliations and referrals that can benefit your business.

You can also join associations and groups where your potential buyers might gather. For example, if you want to sell computer peripherals to computer owners, go to user group meetings. Unless the meeting is set up to include sales, don't actually sell there or give your pitch to everyone you meet. Use your time to establish contacts, build relationships, gather information, and ask questions. Give people your card, but more importantly, GET THEIR CARDS! Then follow-up with phone contacts.

Today there are network organizations, business guilds, and lead clubs, the sole purpose of which is to give and get leads. They usually meet at mealtimes and membership is usually limited to one person in a given kind of business. For example, when Dorothy Baranski opened an executive word processing service, she joined a women's network and a breakfast lead club in her area. She built her business from these two sources of contacts.

Telecommunications consultant Gil Gordon summarizes how networking has worked for him. "Everything in business, whether it's getting an article published or finding a distributor, is a result of networking. I keep in contact with old friends, past co-workers, sales reps who used to call on me. I've joined a couple of carefully chosen small associations or discussion groups composed of the people I need to meet for my business and I'm fortunate enough to know a couple of people who pride themselves on being 'matchmakers.' They love to get people with common interests together. I can't stress this enough, just like in job-hunting, your friends and contacts are your best assets."

Advertising

Advertising not only can get you buyers but also can identify wholesalers or retailers as well, who see your ads appearing in trade-related publications month after month. A few buyers or wholesalers may place an order from your ad, but others will be more likely to respond positively to a direct contact after seeing your ad regularly.

Classified and Display Ads

You can advertise your business in newspapers, magazines or newsletters through either display advertising or classified ads. Display advertising is expensive, but can be worth the investment if properly targeted.

When Elizabeth Scott and Lucy Ewell launched their software company, their primary marketing effort was to take out a full-page color ad in *SoftTalk Magazine*. This was a carefully thought-out strategy. Their software games were written for use on Apple computers by young girls ages seven to twelve. *SoftTalk* is an Apple computer magazine that comes free for one year with every Apple computer. Their big, bright-colored ad was designed to attract the interest of girls. The response to the ad was highly successful.

Since display advertising can be expensive, however, and not a wise per dollar investment for everyone, many computer entrepreneurs, like Norm Goode of *MicroMoonlighter Newsletter*, begin by taking classified ads in targeted magazines and then inserting display ads in those magazines that produce a high response.

A woman we met opened an electronic bookkeeping service. Instead of advertising in the large metropolitan newspaper, she took out ads in her local community paper and in a local business tabloid. She got a good response from nearby businesses, which were the very businesses she wanted to reach and the specific ones most likely to want her services.

Barbara Elman used a similar approach in getting business for her word processing service. "I advertised regularly in the place that reached my particular market, scriptwriters, most directly, the Hollywood trade papers. In the legal field it might be in the local law journal; in the academic field, the university newspaper.

"You don't have to use a big ad. In fact the small ads I ran regularly drew more business than the enormous several hundred dollar ads I ran once. I found that having an ad run regularly and having some kind of logo or copy that was catchy and showed I knew what I was doing drew best. When people suddenly needed typing, they remembered my ad from having seen it six months ago. Now, sure enough, there it is today too. They know you are a serious business."

It's tempting to advertise only when you need business, but Barbara found this doesn't work. "Advertising only when you need business is only going to bring too much business at once. Then you'll be too busy to take it and have to turn it away. Advertising all the time even when you're busy will bring in the business when you need it mostat the slower periods."

To save costs, she recommends looking at the peaks and valleys of your particular area and market. In the academic market, for example, summer is slow, while final exam time is high. In Barbara's business, scriptwriters are busy most of the year but Thanksgiving to New Year's is slow. Following this pattern, you can advertise more during the peaks and cut back during the valleys.

Exchanging Advertising for Articles or Columns You Write

Another way to keep your advertising costs down is to write an article or column in exchange for advertising.

Small or new publications have better prices and are often willing to give you advertising space in exchange for writing articles or a column. Watch for announcements of new publications.

If you are interested in doing exchange writing, you might want to join CompuServe Information Service and participate in the Software and Authors' Special Interest Group. By following the message board, you get word of the new publications.

Drop Shipping

Newsletters or catalogs may be willing to sell your product themselves. This is usually done on a drop ship basis. They take a percentage of the sale and forward you a check for the balance and the cost of mailing. Then you ship the products directly to the buyer, and in the course of doing that you build your own mailing list.

Computer and Cable Television Opportunities

Bulletin boards on computer services and cable television offer low or no-cost ways of reaching a generally "upscale" market. Making your own television shows by taking advantage of public access programming can get you local exposure and give you television experience. To find out about cable television possibilities, visit the offices of your local cable operator. In our community, we've found Group W helpful.

There are both local and national computer bulletin boards. To learn about local boards, ask about them at computer stores and at user group meetings. To use the national services such as CompuServe, Source, and Delphi, you will need to subscribe to them. We operate the Work at Home Special Interest Group on CompuServe, through which people regularly make useful business connections and gain valuable information.

Fliers and Tear-Off Pads

A simple way to reach buyers if your market is limited to a particular geographic area is to use fliers or tear-off pads. If you are providing word processing services for a college campus market, for example, you can announce your services on fliers that you mount on bulletin boards or that you hand out at events where people gather.

You can place a tear-off pad on local bulletin boards so that interested customers can tear off a slip with your name and telephone number. To help pay for the purchase of their computer, we've had people in our seminars decide to do computer tutoring, teaching other people how to begin using their newly purchased computers. One person placed a tear-off pad on the bulletin board at a local computer store. The store offered two free hours of training to each new buyer, but many buyers wanted

more attention. The store was happy to have somewhere to refer them.

Letters, Brochures and Mailers

You can reach your customers by mail by targeting your market and building or buying a mailing list of individuals from that market.

After starting with advertising, *MicroMoonlighter* publisher Norm Goode found direct mail became more productive. "I began my own advertising campaign slowly by using classified advertising to promote subscriptions. Classifieds were a way to generate cash flow on a small scale. A thriving publication cannot survive on classifieds alone, however, so we used that to begin to migrate to display ads in the computer press. In the last 18 months, however, advertising rates have become prohibitive in these publications, so we are doing much better with direct mail appeals."

He has built an inquiry list of 25,000 names from people who have responded to advertising and promotion asking for information about *MicroMoonlighter*. Although he doesn't trade his subscribers list, he does trade his inquiry list for other lists with publishers or computer-related firms.

What to Expect by Mail

Mail-order studies show that an effective mailing will yield about a 1 percent return. However, be aware of a Direct Mail Marketing Association study of how business executives handle their mail. Fifty percent of advertising or junk mail is thrown out by the recipient's secretary or spouse. Twenty-five percent is discarded before opening or once the envelope is slit open. Fifteen percent receives less than eight seconds attention. And finally only one piece of mail in ten receives more than eight seconds of attention.

The kind of mail that is most likely to get more than eight seconds of attention describes computers, electronic equipment, and exotic vacations. The least read describes professional services. However, newsletters do get read. More about that in a moment.

There are two elements to an effective mailing: getting a "good" list and sending mailers that get read.

Locating and Building Lists

To get even a good 1 percent response to your mailing, you need to have a "good" list. A good list is one which has up-to-date names and addresses of people who are, in fact, your prospective customers. You can buy lists or, like Norm Goode, you can build your own.

To locate lists consider the phone book, club and organization membership rosters and directories, subscription lists, listings in newspapers or at your city or county government hall of records, or use a list broker.

List brokers rent mailing lists. In fact, list brokering is a business that can be run with your computer. Lists usually cost $50 to $100 per 1,000 names. You can locate brokers through the Yellow Pages. Another source of information about lists is *Direct Mail List Rates and Data*. It contains about 25,000 indexed lists.

In building your own list, your past customers are your best potential future buyers. Use your computer to keep your customer list. You can also build a query list from the names and addresses of everyone who has asked for information about your business. Collect cards of everyone who expresses interest and enter them into your list. Keep guest lists from seminars or trade shows, class rosters from courses you teach, and have people sign up to win a free gift.

Once you have built a good list yourself, you can do as Norm Goode did and trade lists with other businesses in your market.

Writing Mailers That Get Read

If you are going to send advertising, to increase the chances that it will be opened and read, your mailer should not look like an advertisement. It should be sent first class with a hand-affixed stamp, individually addressed on a letter-quality printer if done in mass, and not appear to be a form letter. To be read, the first few lines must grab the reader's immediate attention.

Your mailer needs to focus on the buyer's needs and how your product or service can benefit him or her, instead of just singing the praises of your business. Remember, a benefit is anything that has advantages for your prospective customer.

Benefits can be economic, including profits, savings, and generous payment terms. Other benefits include durability, appearance, novelty or uniqueness, service, flexibility or versatility, ease, comfort, convenience, assurances or guarantees, or time and safety, which includes reduced risk, greater control, and accuracy. Translate what you have to offer into benefits.

Using Newsletters

A consultant learned the hard way that large, expensive direct mail campaigns produce a low return on the dollar and, following the advice of Howard Shenson, who is known as "the consultant's consultant," he switched to publishing a newsletter for prospective clients. He found, as Shenson had predicted, that newsletters don't get tossed in the trash can, they get read. His business increased.

Using software like Fancy Font, you can use your computer to print a newsletter yourself without a lot of headaches or costs. If you want the newsletter professionally printed, you can locate an electronic printing service and by entering the proper commands into your copy, you can send it directly to the printer via your modem.

Howard Shenson has a three-hour audio cassette series on "How to Start and Promote Your Own Newsletter" which is available through his newsletter, *The Professional Consultant*. *MicroMoonlighter Newsletter* also has a booklet available on "How to Start Publishing Newsletters."

Getting No-Cost High-Quality Help on Your Promotional Material

To get free feedback on the effectiveness of your promotional material, Howard Shenson suggests you contact a faculty member in the marketing department of a university school of business. College professors are always wanting "real world" examples for their classes. Explain that you would like ideas on your marketing campaign. Bring your brochures and material to the class. You'll get plenty of feedback and ideas, maybe even more than you expect.

Personal Letters and Thank You Notes

Computer consultant Bill Slavin prefers writing personal letters to prospective clients. "I could never isolate a job where the client was attracted to the firm by a brochure. A brochure is something to assure that your name is in someone's file. So instead of using brochures, I focus on personal mailings. I write letters to the people I want to talk to, trying to provide value in the letter, addressing to the extent possible the particular problems they have and offering ways they might solve their special problems."

Steve Maier, who sells sales training in the computer field, has found that simple thank-you notes he writes to follow up on contacts generate enough business to pay his $5,000 annual printing bill.

TRADE SHOWS

Another way of reaching customers is at trade shows. It's not unusual for a computer show, for example, to attract from 20,000 to 100,000 people. You can actually sell products at many of these shows.

Computer author Carol Dysart reports excellent results selling her books and products while speaking at computer shows. Besides attracting customers, however, trade shows are good avenues for reaching retailers, wholesalers, reps, and buyers. Exhibiting is also a good way to test a new product, build your mailing list and do informal market surveys.

If you haven't exhibited before, attend some shows in your market area first. Ask those who have booths if they feel it has been worth their while. See if any exhibitors are interested in carrying your product or are selling services similar to yours.

You can find out about trade shows through the *Directory of United States Trade Shows, Expositions and*

Conventions, which is available at some libraries. A list of computer shows with contact information is available in the *Software Writer's Market*, published by Kern Publications.

If you want to sell at a show, we think you'll do better at smaller, regional shows where there's an admission fee and the attendees have paid their own way.

A moonlighter from one of our courses launched his line of computer-chip jewelry at a gift show. He booked more than $10,000 in orders from gift shops. An independent publisher attended the American Booksellers' Association show with her newly published book on word processing and launched the book.

PERSONAL SELLING

Personal selling has a role in any business. You may not be selling your business door to door, but as you can see from the approaches we've described so far, whatever you do, you will be selling yourself, your product, and your business everywhere you go. So basic selling skills are a must. If this is not one of your skills, as is the case with many of us, we urge you to take some sales courses. After all, no doctor ever looked at a newborn baby and said, "Now, here's a natural-born salesperson."

The president of Broadmoor Computer Systems, Michael Anderson attributes much of his success to experiences he had in college that taught him the basic skills of selling. "I was involved with the International Association of Students in Business and Marketing and participated in placing foreign students in internships with American companies. I learned not to be afraid to present myself and to talk to people. I learned that if I knew my facts people would respect me. The experience taught me how to interview, ask questions and listen. I've found that life, and particularly business, is nothing more than a series of interviews."

Although selling will be part of everything you do, some businesses find that direct selling is the best avenue to get business. When a retired sales manager decided to open a business repairing computers for small businesses, he got his business started by going through the Yellow Pages and calling on companies to determine if they needed his services.

Telephone sales can be an important sales aid. A husband and wife started a computer consulting practice. To make contacts, they decided to hold low-cost workshops in local computer stores and at civic organizations. During these workshops they asked that anyone interested in more information about using a computer in their business fill out an information card. They then called each person who filled out a card, answered their questions, and determined if they were prospective customers. If so, they set up an appointment to close the sale.

Since it sometimes takes at least 20 calls to make a sale, the key to telephone sales or any form of sales is to

keep making contacts. You can figure that every "no" you hear brings you that much closer to a "yes."

You may want to involve others in selling your product or service. If so, you can consider using one or more of the following means for locating people to sell for you.

RETAIL STORES

You can sell your products through retail stores, either on consignment or with an open account. In consignment selling, you leave your products with the retailer and if they sell the retailer pays you, typically fifty to seventy percent of the selling price. With an open account, the retailer is expected to pay you at the end of some reasonable period of time, whether the products have sold or not.

To get shelf space for your products in retail stores you'll need to sell the owner of the store or the store's buyer on your product. You'll need to spend a considerable amount of time in following up on getting payment, stocking, and maintaining personal contact with the store. Retail stores usually do not pick up a single product. They are more likely to be interested in a line of products.

WHOLESALERS, AGENTS, BROKERS AND REPS

Wholesalers are middlemen who buy from you and then sell to the retail stores. Wholesalers buy for a demand that already exists, so you probably will not be able to locate a wholesaler until your product is already selling well.

You can get business, however, through agents, brokers, and manufacturer's reps. These independent agents are commissioned salespersons who act as middlemen between you and buyers. The rapid growth of the off-the-shelf software market, for example, has created the software broker. The software broker acts as an agent between you and software publishers, manufacturers, or end users.

Directories and Listing Services

Somewhat similar to this are directories and listing services. You pay to be listed in directories that are distributed to your potential buyers. One such directory, for example, is *Leading Consultants in Computer Software & Programming*, which lists more than 5,000 independent programmers.

The book *Programmer's Market*, published by Writer's Digest Books, lists software publishers and arcade game manufacturers who will publish software produced by freelance programmers or will contract with freelance programmers.

Programmers' Pipeline, located in Glendora, California, serves as a broker service between those who want to sell or lease software and those wishing to market it. Programmers pay a small fee for their software to be listed on an electronic dial-up database. Manufacturers looking for software subscribe to the service and can access the information electronically by telephone. They are also sent regularly updated hard copies of the new listings.

9. ENJOYING THE REWARDS

We've asked people attending our seminars on making money with your computer why they came. Here's some of the things they've said:

1. "I want to pay for my computer."
2. "I'm tired of the rat race. I'm fed up with nine to five."
3. "I want to set my own hours and keep what I earn for myself."
4. "I'm ready to steer my own ship."
5. "I want to make more money than I'm ever going to make on my job."
6. "I've been told 'It's none of your business,' so often that I think I'll start my own business."

As you can see from the comments throughout this Handy Guide from people who have done it, turning your computer into a business is not a get rich-scheme, but it can be a means to achieve some of the financial and personal goals many people are seeking today.

Starting a business is hard work, but it can be rewarding. You can attain financial, tax, and personal benefits.

HOW MUCH MONEY YOU CAN EXPECT TO MAKE

As Nancy and Tom Nickel found in starting N2 Data Serv, you are the key to how much money you can expect to make. "This business can get as big as we want. We've got to decide if we're going to expand or not, hire others, move out of the house or not."

Your earnings can range from a little money on the side to a substantial income. How much you will be able to make will depend upon how much time and energy you invest, whether there is a market for your business, how well you manage the business, and how long you persist.

To Barbara Elman, one of the greatest rewards of starting her word processing business was the direct reward she got for her own productivity. "In your own business your income is a measure of the amount of business you can generate. So often in an office job the amount of money you make has no relationship at all to what you produce.

"As a secretary I did all my work in record time and then sat for hours doing nothing. I got paid the same no matter how much I worked. My business gives me an instant measure of my productivity and efforts. If I get the work and do it, I get paid."

When things seem the most discouraging and the money isn't coming in, Norm Goode expresses something to remember. "When you've drained the bank account on a display ad that won't appear for three months, success lies in a single word, persistence."

TAX BENEFITS IN USING YOUR COMPUTER IN BUSINESS

You can get help from Uncle Sam at tax time if you use your computer in a business. You must qualify under the tax rules, but if you create a business based on your computer and produce a profit, you should have no trouble qualifying. The higher your tax bracket, the more you can save.

To pass Uncle Sam's scrutiny, your business must be more than a hobby. The IRS considers activities that don't produce a profit for at least two years out of five to be hobbies. This gives you leeway to take advantage of the tax deductions at the time you are starting up and less likely to make a profit.

You can deduct the cost of your computer in several ways. First, you have the option of taking a capital expense deduction of up to $7500 in 1984 and $10,000 in 1985 and thereafter. The amount of this deduction should make the entire cost of most personal computer systems deductible in one year. This will be attractive if your income is high during the year you buy your computer.

You can also depreciate your system over five years plus taking an investment tax credit the first year. If you are expecting your income to rise in future years, you may want to spread out the deductions by using depreciation.

If you use your computer for both business and personal nonbusiness uses, such as for entertainment for you or your children, then you can deduct only the portion of your computer investment connected with business.

If you use the computer 75 percent of the time for business and 25 percent for pleasure, then you can deduct 75 percent of the system cost. If you mix the use of your computer, you will need to keep a log to prove how much your computer was used for business.

The cost of business software programs is also deductible. Those costing less than $100 can be taken as a regular business deduction, while programs costing more will need to be depreciated.

PERSONAL SATISFACTION

Personal satisfaction seems to take the benefit prize in this business. As computer consultant Bill Slavin put it, "Being an entrepreneur is a thrill!" There's nothing like being your own boss and as Norm Goode describes it, "The joy of creating something of your own from nothing and having it accepted by others is simply beyond words."

Research shows that working from home on your own is less stressful and therefore good for your health. It can even be good for your relationships. Couples like Nancy and Tom Nickel find they can spend more time together and enjoy sharing their work.

Gil Gordon prizes the family time his new business makes possible. "I'm able to be involved with my kids. We just had a baby and I'm able to be there when I'm needed. I can get involved in things other fathers can't do so easily, like going on a nursery school field trip. Sounds a little silly, maybe, but these are precious years everyone tells me go by far too quickly."

It's not all fun. It's not easy. But we find our lives are enriched and agree with Sue Rugge, who says, "As you travel down this path, discomfort is sometimes a companion, though seldom for extensive periods. And on the other side of discomfort you will discover a new high that comes with a deeper sense of your own worth. To me, that is the bottom line."

BOOKS

A Whack on the Side of the Head—How to Unlock Your Mind for Innovation, Roger von Oech, Warner Books, N.Y., 1983

Make Money by Moonlighting, Jack Lander, Enterprise Publishing, Inc., Wilmington, DE 19801, 1982

Megatrends, John Naisbitt, Warner Books, N.Y., 1982

Positioning, the Battle for Your Mind, Al Reis & Jack Trout, Warner Books, N.Y., 1981

Skills for Success, Adele Scheele, William Morrow and Company, Inc., N.Y., 1979

Small Business Success Secrets, Donald M. Dible, Reston Publishing Company, Reston, VA, 1981

The Information Brokers: How to Start and Operate Your Own Fee Based Service, Kelly Warnken, R.R. Bowker Company, 1981

The Third Wave, Alvin Toffler, William Morrow & Co. Inc., N.Y., 1980

Getting the Most from Your Micro: A Guide to Maintaining and Super-Tuning Your Computer System, Ernest E. Maul, Hayden, 1983

Money-Making Micros, Carol Dysart, Computer Resource Press, San Diego, 1983

REFERENCES AND DIRECTORIES

Datapro Directory of Microcomputer Software, McGraw Hill

Direct Mail List Rates and Data, 5210 Old Orchard Road, Skokie, IL 60076

Directory of United States Trade Shows, Expositions and Conventions, The U.S. Travel Service, U.S. Department of Commerce, Washington D.C. 20230

Encyclopedia of Associations, Gale Research Company

Leading Consultants in Computer Software Programming, J. Dick & Co., 500 Hyacinth Place. Highland Park, IL 60035, (312) 443-0824

Microcomputer Marketplace, dekotek, inc., 2248 Broadway, New York, NY 10024

PC Telemart Directories, 11781 Lee Jackson Highway, Fairfax, VA 22033, (800) 368-4422

Programmers' Market, Writers Digest Books, Cincinnati, OH, 1984

Programmers' Pipeline, P.O. Box 666, Glendora, CA 91740

Publications of the Small Business Administration. Write for a list of publications: The Small Business Administration, Box 15434, Fort Worth, TX 76119, (800) 433-7272

Software Writer's Market, Kern Publications, 190 Duck Hill Rd., P.O. Box 1029, Duxbury, MA 02332

The Software Catalog: Microcomputers, Imprint Software, 1520 South College Ave., Fort Collins, CO 80524, (303) 482-5000

NEWSLETTERS

MicroMoonlighter Newsletter, 4121 Buckthorn Court, Lewisville, TX 75028, (214) 539-1115

The Professional Consultant, Howard L. Shenson, Inc., 20121 Ventura Blvd., Woodland Hills, CA, 91364, (213) 703-1415

Word Processing News, 211 E Olive, #210, Burbank, CA 91502, (213) 845-7809/854-4161

ORGANIZATIONS

CompuServe Information Service, 5000 Arlington Centre Blvd., Columbus, OH, 43220, (800) 848-8990. Software and Authors Special Interest Group, "GO PCS 117". Work at Home Special Interest Group, "GO HOM 146"

Independent Computer Consultants Association, P.O. Box 27412, St. Louis, MO 63141

The Association of Electronic Cottagers, 677 Canyon Crest Drive, Sierra Madre, CA 91024

PAUL & SARAH EDWARDS

While on the run pursuing separate careers, Paul & Sarah Edwards got tired of waving to each other on the way to the airport and being a stranger to their son. Ten years ago they left that life behind and decided to move their offices home and start their own business, providing training programs on speaking, meeting, negotiation and motivation to corporations such as Carter Hawley Stores, Inc. Hewlett-Packard, Insurance Company of North America, Security Pacific National Bank and Southern California Edison.

As their business grew, however, keeping the business at home began to look impossible until they got a personal computer. With the computer they were able to increase their productivity 100% and remain happily officed at home.

They are convinced that the personal computer is a route to both profit and opportunity and have been called "Ambassadors for the Electronic Cottage." They travel across the country offering speeches and seminars on working from home, starting your own business and computer networking.

The Edwards offer courses at UCLA and the University of Southern California and manage a Special Interest Group for people who work at home on CompuServe Information Service. Their book, Working from Home, will be published by Jeremy P. Tarcher, Inc. in August, 1984.

The Edwards believe there is a new American Dream based on a healthier lifestyle and finding meaning in one's work and one's relationship. They see the personal computer as a key to making this dream real. "We want people to know it's possible. We're doing it, we've seen others do it and we believe you can do it, too."

Paul and Sarah Edwards are happy to talk with people on the Work-At-Home Special Interest Group they manage on CompuServe Information Service (GO HOM 146). Their ID # is 76703,242.

5366

Alfred Handy Guides

Practical, economical, and concise
Alfred Handy Guides tell you what you need to know quickly and easily—without a lot of reading!

"A busy executive or professional who feels the need for a crash course in the subjects covered by the **Handy Guides** *would do well to pick up a few on the way to the commuter train or the airport"* **Personal Computing Magazine**

The Alfred Handy Guide Series to Computers

How to Buy a Personal Computer
How to Buy a Portable Computer
How to Buy a Word Processor
How to Choose a Computer Camp
How to Make Money with Your Personal Computer
How to Use Atari Computers
How to Use the Apple IIe
How to Use the Coleco Adam
How to Use the Commodore 64
How to Use the IBM PC
How to Use the IBM PCjr
How to Use the TRS-80 Model 100 Portable Computer
How to Use VisiCalc/SuperCalc
The Personal Computer Glossary
Quick and Easy dBase II
Quick and Easy Wordstar
Understanding APL
Understanding Apple Basic
Understanding Apple Graphics
Understanding Artificial Intelligence
Understanding Atari Graphics
Understanding BASIC
Understanding COBOL
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